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Established 1887

THE WEATHER — PARIS: Wednesday, showers. Temp. 3-11.
LONDON: Wednesday, showers. Temp. 27-34.
ANNEL: Rain. Temp. 27-34.
FRANKFURT: Wednesday, showers. Temp. 24-34.
NEW YORK: Wednesday, showers. Temp. 24-34.

ADDITIONAL WEATHER REPORTS —
LONDON: Wednesday, showers. Temp. 27-34.
NEW YORK: Wednesday, showers. Temp. 24-34.



Members of El Salvador's National Guard kicked the body of a guerrilla killed in heavy fighting near San Salvador.

Nicaraguans Declare State Of Emergency

From Agency Dispatches

MANAGUA — Nicaragua has declared a one-month state of emergency in response to what it said was a U.S.-sponsored attack in which two bridges were blown up Sunday near the Honduran border.

Daniel Ortega, a leader of the Sandinista National Liberation Front and coordinator of the three-member ruling junta, said in a communiqué Monday night that all constitutional rights had been suspended for an initial 30 days.

A government decree on the state of emergency said secret plans had been hatched by the U.S. secret services in league with exiled counterrevolutionaries based in Miami and Honduras.

The plans were designed to "destroy our productive system and economic infrastructure in preparation for an escalation of military attacks."

The decree said financing was being channeled to "counterrevolutionary bands, to military groups coming from certain nations of Latin America and political and labor associations inside Nicaragua to take part in acts of economic and political destabilization and to prepare the climate for armed aggression."

This "coincides with the sinister plan that has been already approved by the government of the United States," the decree said.

Embassy Statement

Earlier Monday, the Nicaraguan Embassy in Washington released a statement blaming the bridge explosions on what it called U.S. covert plans to "hurt Nicaragua and destabilize our government." One bridge was destroyed and another seriously damaged, according to the statement.

The White House refused to respond Tuesday to charges that commandos supported by the United States had carried out the raids. Presidential counselor Edwin Meese 3d said in a television interview, "The United States is not in the habit of engaging in sinister plots. Beyond that, however, it is our policy not to either confirm or deny such statements as that [from Nicaragua]."

The State Department also

(Continued on Page 2, Col. 7)

Salvadoran Rebels Attack Capital With Well-Ordered Daylight Raid

By Kenneth Freed

Los Angeles Times Service

SAN SALVADOR — Leftist guerrillas have carried out a well-coordinated attack on a major section of this city, marking what they said was the beginning of a heavy offensive.

The fighting Monday, which ended inconclusively, broke a relative calm that had prevailed in the capital for the last several months and clearly displayed the insurgents' ability to operate inside the city in broad daylight.

Starting shortly after noon, the guerrillas struck first at a major facility of Antel, the national telephone company, knocking out some of the city's communications.

Bridge Blocked

As government forces moved into that area, the guerrillas shifted their operation to a major street nearby, blocking the approaches to a key bridge with stolen buses. Aided by an armored personnel carrier and a helicopter gunship, government troops tried to pin the guerrillas down at the bridge and telephone installation. But the guerrillas began an attack at a third point nearby.

The guerrillas held a large section

of the area just north of the city's center. About two and one-half hours after the attack began, they melted away, apparently with minimal losses.

[An army spokesman said that government troops killed 15 guerrillas in the fighting Monday and Tuesday.]

The ruling party in Colombia appears to have won a solid victory in national elections. Page 4.

The rebels wounded one government soldier, The Associated Press reported. It quoted other sources as saying that eight government soldiers and two guerrillas were killed.

[The spokesman also said that guerrillas burned the city hall in Tecapan, 50 miles (80 kilometers) southeast of El Salvador, and that government troops killed four guerrillas Monday near a hydroelectric dam 25 miles north of the capital.]

Monday's fighting clearly demonstrated that the government, despite its boasts, had not destroyed the ability of the left to carry out serious urban operations.

The guerrillas had warned for weeks that they would make an at-

tack in San Salvador as part of their drive to disrupt the assembly elections scheduled for March 28.

The guerrillas had said they would demonstrate that they had the power to carry out threats against anyone who participates in the election. The government had countered that it could protect the city.

The rebels made serious attacks in the countryside and in two major provincial cities recently, while San Salvador was quiet.

But Monday, Radio Venceremos, the guerrillas' station, went on the air at 3 p.m. to announce that the city was under attack. At the same time, guerrillas captured a small broadcasting station in the area of the fighting and began broadcasting a live account of the fighting.

The government forces, which numbered in the hundreds, seemed bewildered in their tactics and did not manage to surround the guerrillas.

Heavy firing from rebel snipers pinned down the government forces at several points. Several times, government forces appeared to be shooting at each other, and a helicopter gunship opened fire

(Continued on Page 2, Col. 6)

Brezhnev Ties Arms Cut Plan To a Threat of 'Retaliation'

Washington Cites Cuban Pact of 1962

By Fred Farris

International Herald Tribune

WASHINGTON — A senior U.S. official said Tuesday that any Soviet move to introduce medium-range nuclear weapons in Cuba or elsewhere in the Western Hemisphere would be a serious violation of the 1962 U.S.-Soviet understanding that Soviet nuclear missiles would be kept out of Cuba.

But the official, reacting to a speech by Soviet President Leonid Brezhnev, noted that Cuba was not specifically mentioned in the address.

The official said that there had been threatening language from the Soviet Union in the past but that he could not recall any specific similar formulation about deploying missiles that would include the United States in their range.

Play Is Charged

The official said the Brezhnev speech, in which he announced a moratorium on Soviet deployment of SS-20 medium-range missiles in Europe, was a "transparent propaganda play" designed to disrupt the unity of the West.

President Reagan said Tuesday in Oklahoma City that the proposed nuclear freeze "simply isn't good enough" and that it would preserve a 300-to-400 Soviet missile advantage.

Instead, Mr. Reagan called upon Mr. Brezhnev to accept the U.S. offer to refrain from deploying new medium-range missiles in Europe through NATO in exchange for Moscow's agreement to "dismantle what they have."

Mr. Reagan said the Soviet Union had deployed 300 SS-20 missiles bearing 900 warheads capable of striking targets anywhere in



Leonid I. Brezhnev addressing the opening of the Soviet trade union congress, where he made his missile proposal Tuesday.

Western Europe, while the NATO alliance has "zero land-based missiles" in Western Europe that could hit the Soviet Union.

Moreover, Mr. Reagan told the Oklahoma legislature in a speech, Mr. Brezhnev did not mention that the Soviet missiles are mobile and therefore "it doesn't matter where you put them, since you can move them anywhere you want, including back to bases in Europe, and even if east of the Urals they could still target most of Western Europe."

"If President Brezhnev is serious about real arms control, and I hope he is, he will join in real arms reduction," Mr. Reagan said, and accept the U.S. proposal to dismantle the medium-range nuclear rockets already deployed.

After Mr. Reagan spoke, the

deputy White House press secretary, Larry M. Speakes, said Mr. Brezhnev's plan was "yet another transparent effort to disrupt NATO," whose members agreed in December 1979 to proceed with the deployment of advanced 572 Pershing-2 and Cruise missiles in Western Europe by the end of 1983 while pursuing arms talks with the Soviet Union in Geneva.

The target is now early 1984.

Thatcher Dismisses Proposal

LONDON (UPI) — Prime Minister Margaret Thatcher dismissed Tuesday the Soviet Union's announcement of a unilateral freeze on medium-range nuclear missiles, saying the decision did nothing to lessen Soviet nuclear superiority over the West.

Times of London Editor Resigns

By Leonard Downie Jr.

Washington Post Service

LONDON — Rupert Murdoch had left no doubt he was producing a director of the real-life soap opera that dominated British media in recent days. But Harold Evans succeeded in scripting and starring in the climactic episode late Monday night in which he finally resigned as editor of The Times, Britain's best-known newspaper and an influential national institution.

After days of melodrama over who was running The Times, Mr. Evans called a television crew into the newsroom, read out his resignation on camera, kissed his secretary goodbye and left with his wife, magazine editor Tina Brown, for a farewell party with friends at their home.

He left behind what some Times journalists described Tuesday as confusion and uncertainty about the future. The bitterly divisive

battle over editorial control follows several years of financial crisis and labor disputes. Mr. Murdoch's controversial purchase of the loss-making newspaper a year ago, and his several threats since then to close it down if its work force and costs were not reduced.

Mr. Evans' replacement by deputy editor Charles Douglas-Home, which must still be formally approved by the newspaper's directors later this week, appears to be supported by a majority of a newsroom staff weary of demoralizing open warfare between opposing camps of old hands and newcomers brought in by Mr. Evans.

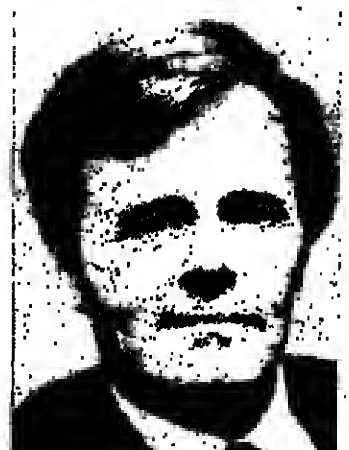
Paper's Direction

But many staff members questioned how long Mr. Douglas-Home would remain editor before coming into conflict with Mr. Murdoch over the paper's political, editorial or financial direction. They and stockbrokers specializing

in the newspaper industry here also questioned whether The Times can increase circulation and advertising while cutting costs sufficiently to stay alive no matter who edits it or whether Mr. Murdoch achieves the job reductions he claims to have negotiated with the newspaper's unions.

"This has inflicted fairly severe damage on the paper, coming on top of everything else," said a senior Times reporter. "We've had so many wounds, it's hard to see us fighting back. It seems to me the future is still fairly bleak."

Mr. Evans' supporters blamed Mr. Murdoch for interfering with the traditional editorial independence of a Times editor and seeking to infuse the newspaper with his rightist political views. But newsroom opponents accused Mr. Evans of wasting money, creating confusion and bruising the egos of senior staff members with changes he made during the past year.



Charles Douglas-Home, new editor?

After buying The Times, with a circulation of under 300,000, and its sister The Sunday Times, with a circulation of 1.4 million, Mr. Murdoch moved Mr. Evans from

(Continued on Page 2, Col. 8)

New British Party May Be at a Turning Point

Scottish By-Election Is Test for Jenkins and His Faltering Social Democrats

By R.W. Apple Jr.

New York Times Service

GLASGOW — Through the snow and sleet of a residential neighborhood on the west side of this old industrial city strided last week a man fearful that a dream was evaporating.

Roy Jenkins was hard at work, shaking hands and seeking votes 12 hours a day, in the hope that the sense of foreboding felt by many of his colleagues in the Social Democratic Party was wrong. He insisted that he still had time to convince enough voters in Hillhead of the new party's merits before the by-election there a week from Thursday, but the public opinion polls make discouraging reading for the former chancellor of the Exchequer and president of the Common Market.

The latest survey, taken on Thursday and Friday and published in Sunday morning's edition of The Observer, shows him running a poor third, with the support of only 23 percent of the electorate. The Labor Party's candidate, David Wiseman, leads with 33 percent, with the Conservative nominee, Gerald Malone, at 30 percent and the Scottish Nationalist, George Leslie, at 14 percent. Other polls have varied widely, but none has shown Mr. Jenkins in a strong position.

But the undecided vote, which has been eliminated from The Observer's figures, seems to be large, as it was in the three earlier by-elections involving the Social Democrats.

As he did in his near miss at Warrington, and as Liberal-Social Democratic alliance candidates did in their victories at Croydon and Crosby, Mr. Jenkins is drawing large crowds. He and one of three other leaders of the 14-month-old party, Shirley Williams, drew 1,000 people in foul weather on Thursday to a school where Mr. Malone spoke to 100 on Tuesday.

The problem, Mrs. Williams said, was that the origins of the Social Democratic Party were not as well understood in Scotland as in England, particularly its opposition to what it sees as the extremism of Prime Minister Margaret Thatcher on the right and of Labor on the left. People north of the border, she argued, "are less conscious of the extent to which the old parties, particularly Labor, have changed."

But others see other difficulties for Mr. Jenkins in a by-election that political commentators are describing as the watershed of post-war politics. If he loses, his party will lose momentum, and he himself, as a two-time loser, would probably find it almost impossible to win a seat in the House of Commons in a third by-election. If he is not a member of Parliament, he is in theory ineligible to be elected party leader, a post for which he is currently the favorite.

Without Mr. Jenkins, the Social Democrat most respected by Liberals, it will be extremely difficult for the alliance to mount a strong, unified effort in the general election in 1983 or 1984.

The 61-year-old former Labor minister faces the fight of his life

at a time when his party's support nationally appears to have receded somewhat from the dizzying heights of last year. It has fallen behind the Tories in the national opinion polls, and it is doing less well than it was in local elections. Before Christmas, the alliance was winning two out of every three contests, but in January it won only one of every two and in February, only about one of every five.

"Scottish Dimension"

In addition, Mr. Jenkins must contend with what people here call "the Scottish dimension." Scots are not overly fond of the idea of being represented by Englishmen in London, and a shopkeeper in Hillhead said to a visitor last week, "Jenkins is a big man, of course, but he isn't one of us, is he now?"

The Social Democrats are attempting to counter this attitude by promising that Mr. Jenkins alone among the candidates has

the stature to help the constituency.

But the existence of the well-established but recently rather feeble Scottish National Party gives the Hillhead voters a chance to vote for a local man, an option that was not available in the three previous tests of alliance strength.

The Labor Party's Mr. Wiseman, a left-winger, will inevitably benefit from the good health of his party in Scotland, as co-opted to its disarray in England.

Mr. Malone, the Tory, a 31-year-old lawyer, is handicapped by his Roman Catholicism in a Protestant area of a religiously polarized city. But the relatively benign hudget announced last week by the chancellor of the Exchequer, Sir Geoffrey Howe, has helped, as it was meant to.

The Conservative MP whose death caused the by-election, Thomas Galbraith, won by only 2,002 votes in 1979.



Social Democratic candidate Roy Jenkins.

INSIDE

South Africa Raid

Helicopter-borne South African commandos destroyed a SWAPO camp 15 miles inside Angola, killing 201 black nationalist guerrillas in the largest cross-border raid in seven months, officials said. Page 2.

Von Bulow Guilty

In Newport, R.I., a jury found socialist Claus C. von Bulow guilty of twice trying to murder his mistress wife. Page 3.

Belgian Steelworkers' Rally Turns Violent

Reuters

BRUSSELS — Striking steelworkers, protesting job losses in their industry, fought with police here Tuesday in some of the most violent clashes in Belgium in 20 years.

Police said that about 180 people had been injured, 14 of them seriously, as an estimated 7,500 strikers surged through the streets yelling and hurling bricks, bottles and firecrackers. Heavily armed and helmeted riot police charged the demonstrators several times, driving them back by wielding batons, firing water cannons and tear gas bombs.

Rioters caused damage worth

tens of thousands of dollars to buildings and cars, police said. An unoccupied hotel was set ablaze with a firebomb, a van was overturned in flames and many hotel and shop windows were broken as the protesters invaded one of the city's plush shopping precincts, police said. The protesters finally dispersed after about two hours.

Witnesses said they had not seen anything like it in the Belgian capital since the early 1960s, when one person was killed in rioting over government economic policy. Five arrests were made Tuesday and police confiscated iron bars and metal projectiles.

The steelworkers, from the merged Cockerill-Sambre company in Belgium's depressed south, have been on strike for almost three weeks, protesting delays in plans to make the firm profitable by 1985.

The European Economic Community Commission has blocked the modernization plans, despite acceptance by the Belgian government, saying that more job cuts are needed if the company is to be pulled out of the red by then.

Tuesday's demonstration had been planned as a peaceful protest. Industrial unrest was reported elsewhere in Belgium, affecting the port of Antwerp and other regions.

WORLD NEWS BRIEFS

Moscow Assures India on Defense

NEW DELHI — Soviet Defense Minister Marshal Dmitri F. Ustinov assured India Tuesday of Moscow's continued support to build up India's defenses, the Press Trust of India reported.

Marshal Ustinov was speaking at dinner given in his honor by India's Western Naval Commander Vice Adm. M.P. Awati in Bombay. He and his delegation of 30 senior military officials and technicians, including commanders of the navy and air force and deputy army commander, had flown from New Delhi to Bombay where they toured India's largest naval base and warship building installations.

"Soviet support to India in all matters, including defense, will continue," Marshal Ustinov said. The Soviet delegation later left for Khajraho in central India.

Turkey Admits 15 Died by Torture

ANKARA — Turkey's military government admitted Tuesday that 15 persons had died under torture, but it assailed an Amnesty International report claiming more than 70 deaths in the country.

Government spokesman Ihan Ozturk said that among the list of 62 persons submitted to Turkish authorities, only 15 had died under torture.

He said another 15 had died of "unspecific" reasons while four were still in prison, three were shot and killed by other groups, three were killed in clashes with security forces and one was free and alive. He said eight of them were "not even taken under detention."

Chile Bars Argentine Peace Activist

SANTIAGO — President Augusto Pinochet's military government has refused to allow Adolfo Pérez Esquivel, the 1980 Nobel Peace Prize winner, to enter Chile because it claimed he interfered in its internal affairs on previous visits.

Mr. Pérez Esquivel, an Argentine peace activist and head of the Latin American Peace and Justice Service, flew from Buenos Aires to Santiago Monday at the invitation of Cardinal Silva Henríquez of Chile. Police, however, refused to let him off the plane and put him on a flight back to Buenos Aires.

Mr. Pérez Esquivel said he had hoped to visit two members of his organization in jail in Chile. He said one of them had been "savagely tortured."

White House to Hand Over Watt Data

WASHINGTON — The Reagan administration agreed Tuesday to surrender subpoenaed documents to a House subcommittee under some restrictions, forestalling a contempt of Congress vote against Interior Secretary James G. Watt.

The agreement was confirmed by Rep. John D. Dingell, Michigan Democrat and chairman of the House Energy and Commerce Committee and its investigations subcommittee that subpoenaed the documents during its investigation of Canadian energy and investment policies.

Rep. Marc L. Marks, Republican of Pennsylvania, the only Republican to vote to cite Mr. Watt for contempt, said the compromise amounted to capitulation by the administration, which earlier had said the documents were covered by executive privilege.

Egypt Says Mubarak Still To Visit Israel
Cairo Official, Begin Discuss Trip Dispute

JERUSALEM — Egyptian Foreign Minister Kamal Hassan Ali said Tuesday that President Hosni Mubarak still planned to visit Israel despite a dispute about whether or not he should travel to Jerusalem.

After a lengthy meeting with Israeli Prime Minister Menachem Begin, Mr. Ali told reporters the visit was still on, but he declined to discuss dates or an itinerary.

Mr. Mubarak has said that he prefers a short working trip and does not want to enter Jerusalem, whose status is at the heart of Arab-Israeli disputes. Israel has been pressing for a full ceremonial visit that includes Jerusalem, which it has proclaimed its capital and was visited by the former Egyptian president, Anwar Sadat.

Mr. Ali said the discussion touched on border demarcation disputes which Israel is insisting on settling before it returns Sinai to Egypt on April 25 under the terms of the Camp David agreements.

Israeli rightists and religious extremists who oppose the withdrawal gathered for a protest march on Mr. Begin's office.

The two countries differ over the precise location of the border at 15 places, with the major problem being a 600-meter (600-yard) coastal strip on the Gulf of Aqaba which both sides claim.

Protests Held in West Bank

JERUSALEM (Reuters) — Israeli occupation forces fired shots in the air and used tear gas Tuesday to disperse demonstrations by Palestinian youths in several West Bank towns, witnesses said.

The witnesses said that six passengers on a bus in Ramallah were injured after demonstrators stoned the vehicle. And students in Hebron stoned an Israeli Army bus.

South Africans Report Raid Against SWAPO, Killing 201 in Angola

JOHANNESBURG — South Africa said Tuesday that helicopter-borne commandos destroyed a SWAPO camp 15 miles inside Angola, killing 201 black nationalist guerrillas in the largest cross-border raid in seven months.

"We caught them totally with their pants down," said Capt. Jan Houtgaard, who led the commando squad of 45 in the raid Saturday against the guerrilla camp of the South-West Africa Peoples Organization.

The South African squad also captured tons of supplies, 90 Soviet-made AK-47 assault rifles and more than 1,000 grenades and land mines in the raid, code-named "Operation Super," the South African Defense Force said. Mopping-up operations were continuing, it said.

Correspondents taken to the SWAPO camp Monday had to step over the bodies of dead guerrillas. There was wash hanging from thorn trees and a few lean-to tents were still standing beneath the trees in the camp, 15 miles (24 kilometers) north of the Angolan border in the Iona National Park.

"Stopper Groups"

Of the 201 guerrillas that South Africa said were killed in the raid, 83 bodies were found in the camp, officers said. The others were killed by specially positioned "stopper groups" as they fled up ravines leading away from the camp.

Capt. Houtgaard said the South African force lost three men in the eight-hour battle.

He said his force had been airlifted over the border by helicopter to within one and a half miles of the camp before launching the attack.

SWAPO has been fighting a bush war for 16 years in South-West Africa (Namibia) from bases inside Angola in an attempt to

oust South Africa from the disputed territory which it administers in defiance of UN resolutions.

The South Africans accuse SWAPO of wanting to set up a Soviet puppet regime in Namibia.

Previous Operation

Last August, South Africa claimed to have killed more than 1,000 Angolan soldiers and SWAPO guerrillas in Operation Protea, a 13-day sweep through camps in southern Angola.

"Despite the enormous loss of arms and equipment SWAPO suffered during Operation Protea, Russia is still pouring in armaments into southern Angola for SWAPO," said Maj. Gen. Charles Lloyd, army commander in South-West Africa.

Capt. Houtgaard said most of the guerrillas' ammunition had been supplied by the Soviet Union through the Angolan port of Mocimboa in December.

Botha Party Expels 10 MPs

CAPE TOWN (Reuters) — Ten members of the South African Parliament were expelled Monday from the ruling National Party for refusing to back Prime Minister P. W. Botha's policy of giving greater political power to nonwhites.

Four members of the Transvaal provincial administration were expelled from the party at a meeting of the province's executive committee.

The expulsions followed the break by a rightist leader, Andries P. Treurnicht, who challenged Mr. Botha over the power-sharing proposals.

Sixteen rebel members of Parliament had been expelled from the party earlier. Mr. Treurnicht has announced a meeting of his supporters Saturday with the intention of forming a new party.



Rescue workers in Beirut carried a person injured Tuesday in the car bombing.

Bomb Kills 3 Near Embassy in Beirut

BEIRUT — A car bomb killed three persons outside the Egyptian Embassy here Tuesday.

Police said the bomb, in a car parked near the Egyptian Embassy, also wounded seven persons.

The embassy has been under French administration since 1979, when Lebanon broke relations with Egypt to protest its peace treaty with Israel.

On Monday, 10 pounds (4.5 kilograms) of dynamite exploded

outside the nearby French Cultural Center, wounding 13 persons. "We have been told there are threats against French interests," the French ambassador, Paul Marc Henry, said.

Separately, unidentified gunmen Tuesday released an official of the British Embassy in Beirut after holding him for 36 hours, a police source said. The hostage's relatives had refused to pay ransom, the source said.

The official, Mohammed

Mokdad, 65, a Lebanese who is second secretary at the embassy, was released in the past few days of Raouche, the source said. The embassy said earlier that Mr. Mokdad disappeared Monday while walking to work. Local press reports said he was kidnapped by a gang demanding \$150,000 in ransom, but the embassy press attaché said he did not know whether a ransom demand had been made to the embassy.

Brezhnev Hints at Missiles for Caribbean

(Continued from Page 1)

ed to suggest the possibility of introduction of nuclear arms in Cuba.

Western military specialists, who described the tone of Mr. Brezhnev's speech as ominous, also said he most likely had Cuba in mind.

Nikita Khrushchev attempted to install Soviet nuclear missiles in Cuba two decades ago, setting off a major crisis. Military specialists here pointed out, however, that the Russians have since developed medium-range nuclear aircraft and conceivably could introduce them into Cuba with far greater ease and speed.

U.S. sources suggested that, while Mr. Brezhnev's threat seemed explicit, it was vaguely worded, suggesting an element of bluster, presumably to influence or scare the U.S. public. They also noted that the Russians have repeatedly reaffirmed a 1962 understanding between Mr. Khrushchev and President Kennedy that ended the crisis.

In that understanding, the Russians pledged not to introduce "offensive weapons" in Cuba.

Mr. Brezhnev, in his first major foreign policy address since the foreign congress a year ago, said that, pending the resumption of U.S.-Soviet strategic arms limitation talks, "we would propose that the two sides undertake a mutual commitment not to open a new channel of the arms buildup, not to deploy sea-based or ground-based long-range cruise missiles."

Calling for "maximum restraint in the military activity," Mr. Brezhnev added a new item to his standard list of arms-control proposals. The Soviet government, he said, would be prepared to negotiate a "mutual restriction of naval operations."

Mr. Brezhnev's harsher tone and warning were interpreted by Western analysts as a slight but important shift of policy.

There have been indications here that the Kremlin political leadership was under pressure from the military chiefs to come up with a more assertive response to President Reagan's quest for military superiority over the Soviet Union.

Largely under the pressure from West Europeans, the United States agreed to enter the Geneva talks last Nov. 30. The talks are aimed at reducing or eliminating these missiles. On the American side, the starting point was Mr. Reagan's "zero option," under which NATO would abandon plans to deploy the 572 new U.S. missiles in Western Europe if the Russians dismantle their SS-20, SS-4 and SS-5 missiles.

The Russians have rejected Mr. Reagan's plan. They expressed readiness to negotiate sharp reductions of all medium-range nuclear weapons in Europe.

During a visit to Bonn last November, Mr. Brezhnev expressed readiness to reduce unilaterally some weapons and offered a moratorium on the stationing and production of medium-range weapons while the Geneva talks were in progress.

Tuesday, as the Geneva talks adjourned until May without any apparent success, Mr. Brezhnev took a step further, saying: "The Soviet leadership has taken a decision to introduce, unilaterally, a moratorium on the deployment of medium-range nuclear armaments in the European part of the Soviet Union."

"We are freezing, in both qualitative and quantitative respects,

the armaments of this kind already stationed here and are suspending the replacement of old missiles known as SS-4 and SS-5 by newer SS-20 missiles."

"The Soviet Union intends already this year, unless there is a new aggravation of the international situation, to reduce a certain number of its medium-range missiles on its own initiative," Mr. Brezhnev said.

He said the moratorium "will be in force either until an agreement is reached with the United States to reduce on the basis of parity and equal security the medium-range nuclear weapons designed for use in Europe" or until the United States undertakes "practical preparations to deploy" Pershing-2 and Cruise missiles.

Managua Decrees Emergency After Attacks on 2 Bridges

(Continued from Page 1)

refused to confirm or deny Nicaragua's charges of CIA involvement in the bridge incidents. But department spokesman Dean Fischer expressed concern at Managua's declaration of emergency, noting that it authorized censorship and would remain in effect for 30 days.

"We are concerned further that this may be a prelude to a general crackdown on the democratic elements which remain in the country," Mr. Fischer said.

Officials in Managua said the state of emergency would impose measures to restrict travel within the country as well as restrictions on broadcast and print media.

The Washington Post reported March 10 that President Reagan had approved a program of covert actions to disrupt the Nicaraguan economy and cut off the alleged flow of arms from Nicaragua to guerrillas fighting the U.S.-backed government in nearby El Salvador.

The plan authorized the Central Intelligence Agency to begin to build and fund a paramilitary force of up to 500 Latin Americans in Honduran border camps to launch attacks against vital infrastructure targets such as bridges and power stations inside Nicaragua.

Although that report said U.S. officials stressed it might take months for the paramilitary force to be recruited, trained and positioned to begin operations, the Nicaraguan government has charged the United States with responsibility for what it says have been a series of cross-border attacks during the past several months.

Foreign Minister Miguel D'Escoto said Monday, "We cannot discard the possibility of this being only the beginning of what could be an imminent invasion."

Rebels Raid San Salvador

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from an altitude of about 1,000 feet (300 meters), bringing a plea from the ground to stop shooting at the government forces.

The military said it had killed all of the guerrillas but did not display bodies to reporters. Newsmen saw the bodies of two men, evidently civilians, being carried from the area. Residents said the victims had been caught in the shooting.

Ban on U.S. Troops Urged

WASHINGTON (UPI) — Legislation to prohibit sending U.S. combat troops to El Salvador without congressional approval was introduced Monday.

The United States shall never again get into a war that it can't go all out to win," said Rep. Clarence D. Long, a Maryland Democrat and chairman of the House foreign aid subcommittee.

Rep. Long said his measure would prohibit sending U.S. troops to El Salvador unless Congress declares war or unless troops are necessary to "meet a clear and present danger of hostile attack upon the United States."

he got off the Aerónica jet that had brought him home from Mexico City. He was driven to the center of Managua in a motorcade.

Mr. Tardencillas told reporters at the airport that while he was still jailed by Salvadoran forces, a member of the U.S. Embassy in San Salvador asked him to tell his story in Washington. "I told them that I was a revolutionary and would tell the reality." That answer, which evidently satisfied his questioner in San Salvador, evoked a good deal of laughter from a Sandinista officer flanking him at the press conference.

U.S. Bill Would Bar Funds

WASHINGTON (UPI) — Rep. Michael Barnes, who chairs the House Inter-American subcommittee, offered a bill Monday to ban the use of foreign aid funds for covert action against Nicaragua.

Recalling the CIA's unsuccessful Bay of Pigs invasion of Cuba in 1961, the Maryland Democrat said that any secret operations to weaken the Sandinista regime in Managua would be an ill-advised escalation of strife in the region.

Times Editor Finally Quits

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The Sunday Times. Mr. Evans made his reputation as editor of the weekly newspaper, giving it a bright appearance, expensive in-depth and investigative reporting, and somewhat anti-establishment diversity of views.

Frustrated Designs

Mr. Evans tried a similar approach at The Times to improve news coverage, increase circulation and appeal to advertisers. But he appeared to run up against the jealousy of the newspaper's traditional British editors and the frustrated designs of its new proprietor.

Former Times editor William Rees-Mogg, who resigned when Mr. Murdoch bought the paper, said he thought Mr. Evans paid large sums in severance to about 50 editors and writers he forced out of the newsroom, only to "replace them with a similar number, many at much higher salaries, who were not necessarily better."

At the same time, Mr. Rees-Mogg said, the counterattacks demonstrated that Mr. Murdoch, who owns newspapers and other interests in Australia and the United States, "is a difficult proprietor. He has dismissed editors frequently at his papers all over the world, and now he has shown he can do it at The Times."

He said Douglas-Horne, 44, also was likely to retain the support of "substantial majority of the staff as more of a Timesman." The nephew of former Conservative prime minister Alex Douglas-Horne, now Lord Home, he has worked at The Times for 17 years and held many of its senior editorial positions.

"Lufthansa's motto reads: Passenger service entails obligations."

Finanz und Wirtschaft (Zürich) 29.3.1981



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Von Bulow Convicted Of Trying to Murder Socialite Wife in U.S.

NEWPORT, R.I. — A jury Tuesday found socialite Claus C. von Bulow guilty of twice trying to murder his mistress with insulin injections that plunged her into an irreversible coma.

Mr. von Bulow, 55, could be sentenced to 40 years in prison, but he was allowed to remain free on \$100,000 bond pending an April 2 hearing.

Gasps were audible in the courtroom, packed with reporters and relatives of the victim, as the jury forewoman, Barbara Connert, announced the two verdicts, which the seven-man, five-woman jury reached after deliberating for 36 hours over six days.

The tall, balding defendant, seated at the defense table with hands folded in front of him, gazed straight ahead with a worried frown, but otherwise maintained the stoic poise he has displayed throughout the nine-week trial.

Superior Court Judge Thomas H. Needham continued bond for the Danish-born financial consultant and set April 2 to hear a defense motion for a new trial. No date was set for sentencing.

Cheers and Applause
Mr. von Bulow called his teenage daughter, Cosima, immediately after the verdict and left the courtroom to cheers and applause as spectators chanted "Free Claus, Free Claus." His cab, escorted by sheriff's deputies, cut a path through the crowd back to his hotel.

Prosecutor Stephen R. Farniglietti drew boos from spectators as he stepped outside the building, and many in the crowd chanted "Not guilty! Not guilty!"

The defense attorney, Gerald P. Farniger, said an appeal was planned. Asked how Mr. von Bulow took the verdict, he replied, "He was very grave about it. He was obviously saddened but he took it like a man. I had told him in advance that I thought we would ultimately prevail in the appellate court should there be a conviction and I hope that gave him some encouragement."

Richard B. Kuh, the attorney for Mr. von Bulow's stepchildren who led the private investigation that culminated in the trial, said the family's reaction was "a quiet satisfaction that the system works."

The jury found that Mr. von Bulow twice tried to murder Martha von Bulow with insulin injections. Prosecutors said he wanted the \$14 million he stood to inherit from her \$75-million fortune and also wanted to be free to marry his 36-year-old mistress, a former soap-opera actress.

Mrs. von Bulow lapsed into

comas after both alleged attempts. She recovered the first time but has not recovered from the second coma after nearly 15 months.

Mr. Farniglietti urged the judge to revoke bail, saying Mr. von Bulow was a wealthy man capable of fleeing to his native Denmark, and "we could not compel the country of Denmark to return him."

Mr. Farniger told reporters that "I will never know how much his love of another woman played a part" in the jury's decision, "or his aristocratic background or the fact that he is not an American citizen."

Before Mr. von Bulow left the courthouse, he stood looking out a second-floor window at about 100 reporters and spectators on the street. There was a scattering of applause, and he gave a thumbs-up sign.

If given concurrent 20-year terms on the two counts, Mr. von Bulow would be eligible for parole in seven and a half years. If the terms are consecutive, he would have to serve nearly 14 years before parole review.

The state contended that Mr. von Bulow chose this resort city during the off-season as the scene for an ingenious crime in the belief that he would never be suspected by police or doctors.

Defense Argument
But the defense countered that Mrs. von Bulow was herself responsible, either by trying suicide, indulging her appetite for drugs, alcohol and sweets, or injecting herself with insulin, believing it would give her back her youthful figure.

Although Mrs. von Bulow, now 50, recovered from the Dec. 27, 1979, coma, doctors have given her little chance of awakening since she was found sprawled unconscious on the marble floor of her bathroom on Dec. 21, 1980.

While medical experts differed on the exact cause of the two comas, none would rule out the possibility that insulin injections could have drastically lowered Mrs. von Bulow's blood sugar, permanently damaging her brain.

The first person to suspect Mr. von Bulow was his wife's German maid, Maria Schraffhammer, who told the court that Mr. von Bulow rebuffed her repeated pleas to call a doctor while Mrs. von Bulow lay in her bed before falling into the coma in 1979.

A key element in the case was a little black bag containing drugs and a hypodermic needle bearing traces of insulin allegedly discovered in Mr. von Bulow's locked closet at the couple's mansion, Clarendon Court, a month after his wife fell into the lasting coma.



Claus C. von Bulow

Wide Disparity Found In Sentencing in U.S.

By Ronald J. Ostrow

WASHINGTON — Federal judges, when presented with identical hypothetical cases, varied in their punishment of offenders, from releasing them on probation to sentencing them to 25 years in prison, a study funded by the Justice Department has found.

Even so, 64 percent of the judges said they felt "unwarranted sentence disparity" over or only once in a while occurred in their jurisdictions, the study reported Monday.

The \$1.2-million study, a copy of which was given to the Los Angeles Times, is being used by the Justice Department to push for congressional enactment of sentencing guidelines for judges. The guidelines are part of the administration's federal criminal code reform package.

The study, completed last May, was conducted by the Institute for Law and Social Research, a Washington-based research organization, and Yankelovich, Skelly and White, a New York research firm. The three-year project included reviewing data from nearly 6,000 presentence investigations and interviewing 264 federal judges.

The findings "point to a greater amount of variation [in sentencing] than was previously thought to exist," said Jonathan C. Rose, assistant attorney general for legal policy. "They demonstrate unequivocally the extent to which the variations are associated with the differing attitudes of federal judges towards the goals of sentencing and the best methods for achieving those goals."

Earlier such studies have been criticized for failing to take into account differences between individuals who have violated the same law. In this study, judges were presented with 16 hypothetical and identical bank robbery and fraud cases to prevent differences in de-

3 Ex-Secretaries of State Urge U.S. to Reassess UN Policy

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — A private group of prominent Americans have issued a statement saying that the United Nations sometimes heightened world tensions and that the United States should be prepared to act alone.

Three former Democratic secretaries of state were among those who endorsed a major theme of the Reagan administration and urged that the "United States should reassess its policy toward the United Nations." Their statement charged that the Security Council "has repeatedly failed to act against, condemn or even consider" threats to peace, citing

Iraq's invasion of Iran and Libya's recent intervention in Chad.

Third World majorities in the General Assembly were accused of "frequently imposing grossly biased resolutions," such as the one that equated Zionism and racism.

The 22-page statement was issued Monday by the Ad Hoc Group on U.S. Policy Toward the UN. Its members include Henry Cabot Lodge, chief delegate to the United Nations under Eisenhower, and former Secretaries of State Dean Rusk, Edmund S. Muskie and Cyrus R. Vance. The chairman is Morris B. Abram, honorary president of the American Jewish Committee, which helped frame the report.

The selective use of the Security Council and other UN actions, the document said, "occasionally aggravate the dangerous international environment." It is "in the American interest to use the United Nations as a forum for carrying out our country's foreign policy, but Washington must be prepared to turn to other groups of nations 'or act alone when necessary.'"

The statement singled out the "strange failure" of the United Nations to endorse the Camp David agreements that brought peace between Israel and Egypt. It said, however, that the future of Palestinian Arabs and Israel's retention of lands taken in the 1967 war remained unsettled. These are the chief reasons the UN majority consistently condemns the Camp David accords.

The paper complained that UN agencies and conferences were "seriously compromised by the injection of extraneous issues," notably attacks on Israel. It suggested a "gentleman's agreement" with black African nations, offering U.S. support at special conferences on South Africa to help fight racism and apartheid if "they will resolutely oppose any effort to include the irrelevant subject of Zionism."

Among the specialized agencies, the UN Educational, Scientific and Cultural Organization was singled out as "the most troubling." Its promotion of a "New World Information Order" was described as an effort to subject news organizations to government control. UNESCO has sponsored a report urging governments to enforce

Eruption Is Predicted At Mount St. Helens

THE ASSOCIATED PRESS
VANCOUVER, Wash. — Mount St. Helens will erupt this week, probably mildly, scientists said after conducting tests within the volcano's crater.

"Accelerating rates of ground deformation in the crater ... suggest that an eruption, most likely of the dome-building type, will probably begin within one to five days," said an advisory issued Monday night by the U.S. Geological Survey.

standards for journalists and license them.

The ad hoc committee proposed considering a reduction in U.S. funds for Unesco or even withdrawal from it if it does not change its ways.

The report contained a novel proposal for discouraging the spread of nuclear weapons. It asked the Security Council to create a Nuclear Security Planning Committee of all nations able to

explode atomic weapons. The committee would help create regions where no nuclear weapons would be produced, would investigate nuclear threats and would prepare "worst case" descriptions of possible attacks.

On the subject of Third World efforts to start global negotiations on transferring enormous amounts of wealth from rich to poor nations, the document again largely endorsed the stand of the Reagan

administration. The paper called for resistance to Third World efforts that would subject the World Bank, International Monetary Fund and other existing agencies to control by a global body in which each nation has one vote. The ad hoc group opposed any further cuts in foreign aid and noted that "the United States, once the world leader, now ranks among the least generous of industrialized nations."

Wall Street Analyst Fears Policies Of U.S. Augur 'Economic Tragedy'

From Agency Dispatches

WASHINGTON — Henry Kaufman, a top Wall Street analyst, told the House Budget Committee Tuesday that there must be changes in President Reagan's budget and the Federal Reserve's policies to keep the nation from "straying into unnecessary economic tragedy."

The remarks came a day after Rep. Henry S. Reuss, chairman of the congressional Joint Economic Committee, urged that Congress order the Federal Reserve Board in lower interest rates.

Mr. Kaufman, chief economist at Salomon Brothers, also said in testimony before the House committee that the administration likely has underestimated the projected fiscal 1983 deficit in the president's budget by \$25 billion to \$30 billion. The latest administration estimates put the 1983 deficit at about \$96.5 billion.

Doubt in Financial Markets
"I believe that today's policies do not sufficiently limit the possibility of straying into unnecessary economic tragedy, for these policies have failed to gain the confidence and support in at least one vital area: the financial markets," Mr. Kaufman said.

He called for paring the personal income tax cut scheduled for July to 5 percent from 10 percent and rescinding the 10 percent cut scheduled for next year and for canceling the next round of cost-of-living adjustments in government benefit programs. Even with those measures, Mr. Kaufman said, "a wide range of additional measures is required to bring the deficit down to a more acceptable range of \$50 billion to \$70 billion."

In addition, Mr. Kaufman said, restoring the nation's financial health requires changes in monetary policy, including an end to the Federal Reserve's practice of setting targets for money supply growth and substitution of a broader measure "for the growth of debt."

and get the Fed out of its super-tight monetary corset."

The Wisconsin Democrat, addressing the Senate Budget Committee, said a budget resolution that Congress is required to pass by May 15 should contain a paragraph saying: "The Federal Reserve shall adjust the monetary targets in effect for 1982, so as to permit interest rates to fall. Should changing economic conditions render a departure from this directive desirable, the Federal Reserve shall so report to the two banking committees of the Congress."

He acknowledged that a congressional order to the Federal Reserve Board to lower interest rates would be unprecedented. But Rep. Reuss said such a resolution would be binding on the Federal Reserve. "And, as every chairman of the Federal Reserve Board, including the incumbent, has testified, it would be obeyed," he said.

Rep. Reuss argued that the Federal Reserve's sharp reduction in the growth of money supply last year was directly responsible for keeping interest rates high and plunging the nation into recession.

He also proposed to cancel the tax cut scheduled for 1983, sharply reduce Mr. Reagan's defense spending request and freeze spend-

ing on other programs at current levels.

"This immediate-action program can and should be bipartisan," Rep. Reuss said. "It is the U.S. Congress ... which must come to the rescue of the nation's beleaguered economy, and must do so within the next 60 days."

Recovery Forecast in Doubt

WASHINGTON (NYT) — Murray L. Weidenbaum, the administration's chief economist, said in an interview Monday that high interest rates have jeopardized prospects for a business recovery starting this spring.

Mr. Weidenbaum, the chairman of the Council of Economic Advisers, has repeatedly declared that a recovery from the recession that began last July would begin in the second quarter of 1982 and speed in the second half to real economic growth at an annual rate of more than 5 percent. Asked if he was backing away from that forecast, Mr. Weidenbaum said:

"I still believe we're going to have a strong second half. Let's face it, the precise level of that recovery can't be assured in advance. It will be influenced by the ability to bring down interest rates."

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Union Characterizes Polish Offer to Detainees As Forced Exile, Violation of International Law

By Michael Dobbs

Washington Post Service

WARSAW — A group of interned activists of the independent trade union Solidarity have described an offer by Poland's martial law authorities to allow them to emigrate as a violation of international law, according to a clandestine union bulletin circulating here.

The government's new travel regulations, allowing interned activists to apply for passports to leave the country with their families, came into force Monday. But a recent visitor to several internment camps reported that only a small minority of detainees had indicated any interest in emigrating.

The underground bulletin, issued by the suspended union's Warsaw branch, said that officials

of the security forces had been conducting conversations with many detainees encouraging them to emigrate. The bulletin said that if they did not accept the offer they could expect prolonged periods of detention or service in the army.

Official Polish spokesmen, however, have denied that anyone is being forced to emigrate. They say that the offer of passports is a humanitarian gesture designed to solve the problem of what to do with unrepentant "enemies of Socialism."

Several Western governments, including the Reagan administration, have said that they will not accept Polish citizens forced to leave the country. Last week, the State Department said that the emigration program for interned was

"a clear and egregious violation of human rights." At that time, Polish authorities said that about 15 of the 4,000 interned had applied to emigrate.

The bulletin issued in the name of interned at the Jaworzno camp in northwest Poland, where several leading intellectuals are being held, said that it was not difficult to see "elements of blackmail" in the government offer.

"The choice we are all facing boils down to the following: Either deprivation of freedom without time limit or lifelong exile," the statement said.

It added: "In accordance with international pacts on human rights, we are in favor of every man's right to settle in the country of his choice, no matter what his citizenship. But forcing people deprived of their freedom to leave the country... must be judged a violation of these pacts."

Some former interned have already applied to Western embassies in Warsaw for visas, but have received little encouragement.

Estimates vary about the number of interned likely to accept the government's offer. The best guess is that most of those who decide to leave will be from the union's middle and lower echelons, and few, if any, of Solidarity's best-known leaders will apply to emigrate.

A visitor to an internment camp in southern Poland reported that the reaction among interned there was: "Let the security police emigrate themselves. We are citizens of this country and want to stay here."

Interest Reported Paid

From Agency Dispatches

WARSAW — Jan Woloszyn, vice president of the Polish Bank Handlowy, said Tuesday that all

outstanding interest on 1981 debts to Western banks had been paid and that he is now confident that the Western banks would sign an agreement rescheduling the \$2.4 billion of outstanding 1981 debt by the end of March.

Western bankers have held up signing any new agreement until Poland paid all the interest.

In Frankfurt, a spokesman for the Bank für Sozialwirtschaft, reportedly Poland's largest creditor bank in West Germany, said that it received a telegram from Bank Handlowy, Poland's foreign trade bank, saying that the final installment of the interest on its loans to Poland due for repayment last year was on the way and should arrive "tomorrow or the day after."

France Bars New Sanctions

PARIS (UPI) — After meetings with U.S. Undersecretary of State James L. Buckley, French officials said Tuesday that France would not step up sanctions against the Soviet Union or Poland.

The officials said that Mr. Buckley was told that the French government believed an increase of Western economic sanctions would be ineffective.

Mr. Buckley conferred in a series of separate meetings with Claude Cheysson, the external relations minister, Defense Minister Charles Hernu and other officials, but apparently failed to persuade France to join with the United States in presenting a united position on sanctions.

France would be particularly hard hit if it decided to impose sanctions because of its trade deficit with the Soviet Union, the officials said. In 1981, France imported \$4.73 billion in goods from the Soviet Union and exported \$3.06 billion of products to it.



Red Brigades members talking inside their bulletproof steel and glass cage in the Verona courtroom. From left are: Emmanuela Trassella, Emilia Libera, Antonio Savasta and Giovanni Chiodi.

Suspect in Dozier Case Confesses to Killings

Reuters

VERONA, Italy — A Red Brigades leader who is accused of having organized the kidnapping of U.S. Gen. James L. Dozier admitted in court Tuesday that he had also killed for the terrorist group.

Antonio Savasta, 27, said that he carried a double burden on his conscience: the killings in which he took part and the fate of Red Brigades colleagues that he had denounced while in prison.

Earlier, Mr. Savasta said that the Brigades had heard through an intermediary that Bulgaria was offering cash, training and even help in holding Gen. Dozier. A meeting was arranged in a Rome cinema with an official from the Bulgarian Embassy, Mr. Savasta said, but he did not know whether the contact took place and, in any case, the Red Brigades did not take up the offer.

Responding to Italian press reports earlier this year, the Bulgarian Embassy in Rome denied that it had ever sought or established links with the Red Brigades.

Foreign Contacts Alleged

Mr. Savasta also said that there had been contacts with groups in France, Spain and West Germany immediately after Gen. Dozier was kidnapped, but he gave no details. The Red Brigades leader has been charged with a direct or indirect role in a total of 17 Red Brigades murders. Tuesday, he answered questions about his role in the 42-day abduction of Gen. Dozier, the NATO officer who was rescued by Italian police in Padua on Jan. 28.

Mr. Savasta is one of six Red Brigades members who have promised cooperation with the prosecution in return for shorter sentences. Seventeen terrorists have been charged in connection with the kidnapping.

After describing how his Red Brigades unit seized the general in Verona Dec. 17 and took him to Padua, Mr. Savasta said that he had turned his back on the Red Brigades because years of armed struggle had finally brought him only negative experiences.

The rescue of Gen. Dozier proved the futility of this struggle and persuaded him to abandon it, he said in his first public statement since he and four Red Brigades members were arrested during Gen. Dozier's rescue.

He said that he used to justify the killings by believing he would improve society for others "but I later recognized that this was not the case and could no longer take the responsibility."

Mr. Savasta said that he also had a bad conscience about the friends and former comrades he had denounced while in pre-trial detention, contributing to the success of police against Italian terrorism.

Emilia Libera, 27, Mr. Savasta's companion for five years, took the witness stand and cited political rather than personal reasons for abandoning the Red Brigades.

Church Groups In Zurich Shut Center for Youth

From Agency Dispatches

ZURICH — The city's autonomous youth center, set up last year as experiment in alternative living, has been closed by church organizations.

Protestant and Catholic church organizations and Pro Juventute, a nongovernmental organization that deals with youth problems, made the decision Monday. The youths running the center had closed it at Christmas, unable to cope with a growing drug problem and lack of sanitation, but it had been reopened for three days a week in January.

The center was established in April of last year in an effort to defuse tensions between discontented youth and city officials that had led to street riots. It worked well for several months but gradually began to attract dropouts and drug dealers.

Earlier this year, police raided the center several times in search of the heroin traffickers and addicts.

Ruling Bogotá Party Appears to Win Vote, But Split Is Threatened

By Edward Schumacher

New York Times Service

BOGOTÁ — Colombia's governing Liberal Party appears to have won a solid victory in the national elections, but its prospects in presidential elections in May seem threatened by a party split.

With more than 45 million votes counted in the balloting on Sunday, El Diario, a leading newspaper here, said Monday that it appeared that the Liberal Party, which is centrist, would capture a majority in both houses of Congress and poll about 2.5 million votes.

The Conservative Party, the other major centrist organization, appeared headed for a total of 1.8 million votes.

Alliance of Leftists

The newspaper said it appeared that an alliance of leftist parties would win about 200,000 votes and that the remaining votes would be scattered among smaller parties.

The elections were for all of the seats in the National Congress, provincial assemblies and municipal councils.

The Liberals, however, were divided between slates loyal to former President Alfonso López Michelsen and Luis Carlos Galán, who described himself as a New Liberal and campaigned for an end to what he said was the country's rampant corruption.

Both sets of candidates in the presidential election, and party representatives expressed fears that they would split the Liberal vote and allow the Conservative, Belisario Buncur, to be elected.

It appeared that Mr. López Michelsen's slate in the congressional

election would end up with about 1 million votes, far ahead of Mr. Galán's roughly 500,000. Mr. Galán, however, won in the capital of Bogotá and also in the industrial city of Medellín, giving him a critical base of support through his control of both city councils.

Mr. López Michelsen, 69, is the official Liberal Party choice, nominated by a convention last year. But Mr. Galán, 31, has also announced his candidacy as a New Liberal.

Mr. Galán had hoped to gain enough votes to force Mr. López Michelsen to quit the race. Mr. López Michelsen made no statements Monday, but a press aide said in an interview that he would definitely run.

"In fact," he said, "we want Galán to stay in, too. We feel we can beat both him and the Conservatives, but if he pulls out, many of his votes might go to the Conservatives."

Mr. López Michelsen's strength is among the popular Atlantic Coast. He has the advantage over Mr. Galán there, and throughout the rest of the country, of having the party's well-organized campaign machinery.

Monday morning that he would definitely run in May.

The platforms of all three major candidates are similar, calling among other things, for increased social welfare measures. The one specific divide is that the Conservatives, who are allied with the Roman Catholic Church, oppose proposals legalizing divorce. The Liberals support divorce.

The police said the elections Sunday were among the most peaceful Colombia has seen in years.

Ruling Afghan Party Urges Discipline, Unity

By Michael T. Kaufman

New York Times Service

NEW DELHI — The national conference of Afghanistan's faction-ridden ruling Marxist party has ended in Kabul after 841 delegates endorsed calls for purging boisterous dissidents and expropriating estates of rich landlords.

The delegates met for less than two days in an atmosphere of such tight security that neither the location of the meeting nor its dates were publicly disclosed until after the assembly had convened in a Soviet-built polytechnical school.

In contrast to the months of articles in the Afghan government press citing the gathering as a major step in advancing revolutionary control and party solidarity, the meeting appeared to have been almost perfunctory, lasting much less time than is usual for Communist Party congresses in other countries.

Prevented by the Afghan government from traveling to Kabul, newsmen have had to rely on monitoring Afghan radio broadcasts and speaking to diplomats and Afghan exiles for their assessments of the conference.

Diplomats in New Delhi said that based on still incomplete reports of the meeting it appeared that the delegates had extended general endorsement for the policies of the Soviet-bolstered government of Babrak Karmal and that they appeared to have skirted around rather than resolved the issue of party factionalism. Another diplomat reported that through some manipulation the dominant though numerically smaller Parchamites had 60 percent of the delegates while the currently out of favor group known as the Khalq, or Mass faction, had 40 percent.

Presumably any voting under such conditions would run the risk of widening rather than closing the rift that has divided the party into often openly warring camps. According to scholars and diplomats, the differences between the groups are not ideological but rest in regional, class and ethnic rivalries as well as in old personality clashes and vendettas.

In any case, at least seven speakers made impassioned pleas for greater party unity and discipline. These were made against a background of recent violence in which

five persons were said to have been shot to death five days ago and another eight reportedly killed four days ago. A diplomat here reported that the killings were related to the party schism.

In the search for some common unifying ground, Mr. Karmal declared that his government would not interfere in the practice of Islam. A Western diplomat characterized the president's reference by saying that Mr. Karmal "went out of his way" to assure the clergy.

Such professions have been made periodically in attempts to assuage the rebellious anger of Islamic guerrillas who are continuing four years of armed resistance. The guerrilla leaders have steadfastly insisted that government forces and their Soviet allies have destroyed mosques and curtailed religious life.

Land Confiscation

More surprising than the pledge of religious tolerance was the inclusion of land confiscation as one of the key objectives of the party. Since the initial Marxist coup of 1978, the Afghan leaders have vacillated over this issue. After an early zealous land reform program that drove feudally organized rural

people to active rebellion, the government retreated.

For a while it offered land taken from some large owners to local people who would affirm support for the government. This drive brought very limited results and the government then announced that it would return confiscated lands to those guerrillas who would lay down their arms. Then, most recently, there was a further abandonment of land redistribution policies in tacit recognition that they had failed to win over the rural poor and that they could not be enacted in much of the country where rebel bands held control.

Meanwhile, diplomats reported that despite the stringent security the sound of gunfire was being heard nightly in the capital.

A Western diplomat claimed that armed men entered the ruling party office in Kabul's 5th precinct and shot to death five officials including the local party secretary. He said the raiders then burned photographs of Communist leaders. The implication of this version is that the killers were Islamic guerrillas. However, another diplomat claimed that the intruders were associated with the Khalq faction and that the attack involved party splits.

Senate Panel Reopens Debate on Nerve Gas

By George C. Wilson

Washington Post Service

WASHINGTON — This year's battle between the Pentagon and Congress over resuming the production of nerve gas has started before a Senate subcommittee, with Defense Department witnesses insisting the step was essential, and critics countering that it would be overkill.

President Reagan notified Congress Feb. 8 that he intended to

end the ban that President Richard M. Nixon imposed on producing chemical weapons in 1969. Mr. Reagan said a dangerous gap had opened between U.S. and Soviet capabilities in this area.

Richard M. Perle, an assistant secretary of defense, elaborated on that argument Monday before the Senate Armed Services subcommittee on strategic and nuclear forces.

"Our chemical modernization program is essential to the national interest and is fully supportive of arms control efforts," Mr. Perle said.

Best Chance for Agreement

U.S. restraint in suspending production of chemical weapons has failed to inspire the Soviet Union to do the same, Mr. Perle added. He argued that modernizing the U.S. arsenal of such silent killers as nerve gas offered the best chance of prodigal the Soviet Union to negotiate a verifiable ban on the development and production of the weapons.

Largely because of U.S. restraint, "the Soviet Union today possesses a chemical military advantage because of the large asymmetry in chemical capabilities," said another assistant secretary of defense at the witness table, Richard L. Wagner. This edge, he contended, amounts to an open invitation to the Soviet Union to resort to chemical weapons.

"Chemical warfare represents our greatest vulnerability," Army Maj. Gen. Niles J. Fulwiler said in urging approval of \$30 million to gear up for nerve-gas production as well as funds to provide protective clothing for U.S. troops.

Military witnesses agreed with the assertion of Sen. David H. Pryor, Democrat of Arkansas, that Congress had given the Defense Department practically everything it had requested in protective measures against chemical attack. Sen. Pryor is a leading opponent of resuming nerve gas production.

He emphasized that there already was a mountain of deadly chemical weapons stockpiled. Even more important, he said, was the need to try harder to negotiate a ban on the development and production of chemical weapons with the Soviet Union.

Mariusia Toumanoff Sassi

LOS ANGELES (UPI) — Mariusia Toumanoff Sassi, 68, who designed gowns for stage and screen productions that were worn by such actresses as Rosalind Russell, Greer Garson, Doris Day and Geraldine Page, died Saturday of cancer.

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A scene from the first act of Berio's "La Vera Storia" at La Scala.

La Scala Stages Berio's 'Storia'

By David Stevens
International Herald Tribune

MILAN — After all the disorderly hoopla surrounding Montserrat Caballé's defection from the revival of "Anna Bolina," things have become serious again at La Scala with the world premiere of "La Vera Storia," a new opera commissioned from Luciano Berio, with a libretto by the novelist Italo Calvino.

In this complex, multi-layered work the 56-year-old composer is dealing with many of his familiar preoccupations. It is at once a confrontation with Italian musical tradition (Verdi, in particular), with Italian folk traditions, with contemporary social-political factors, and with the idea of the "work in progress" — of different musical-dramatic permutations of the same basic material.

Even the title, "La Vera Storia" — the true story or the real story — can be taken in different ways. On its simplest level it refers to the call of traditional Sicilian bards or storytellers to attract an audience. It also suggests, as in Kurosawa's film "Rashomon," that the same set of given facts can be viewed in different ways — and the cast includes two folk or popular singers acting as traditional cantastorie who propose different interpretations of the action. And the opera is presented in two parts using the same text in different ways and with different musical and dramatic structures, suggesting that the same material can have different artistic solutions. Which is the "real" one? Is this an opera or not? No solution is offered.

Conflict With Authority

The underlying theme is the conflict of the masses with official authority. The chorus is the real protagonist, appearing frequently in festive scenes into which are gradually introduced elements of violence and oppression. It is, perhaps, a stylized representation of the popular uprisings of the "events" of 1968 and of the different examples of violence and terrorism vaguely suggestive of recent history.

The first part is frankly operatic, in the 19th-century Italian sense, and the model is Verdi's "Il Trovatore." But the flesh is stripped away from the Verdian libretto, leaving only the skeleton. There are a soprano, mezzo soprano, tenor and baritone who correspond vaguely to the principal figures of "Il Trovatore." They have names but no personalities, and they are put in situations that bear labels (the abduction, the duel, the vendetta, the prison) analogous to Verdi's, but which are enacted with a kind of dispassionate remoteness.

The scenes of individual conflict are interspersed with danced and choral crowd scenes and the interventions of the cantastorie (the gypsy, Brechtian Milva, and the Tuscan folk singer Daisy Lommi). Calvino's text is in a terse, generalized language rich in operatic loanwords. Carlo Tommasini's setting puts the action in front of a heavy, official, fortresslike structure.

The second part uses the same text, but fragmented and partly redistributed, without narrative form and more subordinated to the musical structure. The setting fills the stage opening with a framework of cell-like compartments in which scenes of torture or solitary distress are enacted. The principal characters reappear from time to time, but this time more dreamlike than concrete. The two parts resemble each other only in the final lament sung by the mezzo soprano, the Azucena figure.

Basic Differences

In a program note, Berio suggests several basic differences between the two parts. Part 1 is narrative, Part 2 is not; Part 1 features vocally characterized individuals, Part 2 is collective; Part 1 is real and concrete, Part 2 is dreamlike; Part 1 is "horizontal," with closed musical forms, Part 2 is "vertical," and so forth.

The music of Berio, one of the leading figures of the post-Webern avant garde, has always been characterized by an essentially Italianate lyricism that tempers the didactic streak of his generation. Yet here, the music of the ostensibly operatic part came out gray and depersonalized, while that of the second part was where the music took charge in a kind of vast symphony with vocal obbligato, with a long saxophone-clarinet duet as a lyrical centerpiece.

The large cast, including many groups and instruments not usually encountered in the opera house — electric guitars, accordion, the New Swing Singers, the Teatro Libero Concerto dance group — distinguished itself. The principal singers included the soprano Marianna Nicolesco as Leonora, the mezzo soprano Alexandra Milchova as Ada (whose twofold lament won her ovations), the tenor Roderick Oostwoud as the rebel Luca, and the baritone Alberto Noli as his brother Ivo, the figure of constituted authority. The excellent chorus was that of the Italian Radio in Turin.

Maurizio Scaparro, who took over as stage director late in the rehearsal period, had his hands full with the work's contrasting styles. He managed the first part austere, with almost no physical contact among the principals, while the

second part suffered from problems inherent in trying to give visual presence an essentially undramatic format.

Audience reaction at the third and fourth performances last week was mixed, with muted approval punctuated by whistles and other signs of dissatisfaction, perhaps reflecting the ambiguous, didactic nature of the experience.

'Pond' Director Mark Rydell: On Golden Tenterhooks

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — "Stage fright isn't limited to actors. Directors are afflicted with it too, oow and then," said Mark Rydell, an actor turned director.

"On Golden Pond," which he directed, is one of the season's screen hits and has been nominated for multiple Oscars. Rydell maintained a nonchalant surface cool as he received one inquiring reporter after another in his Paris hotel suite, but he confessed that he feels pressure upon him. If so, he conceals it like a veteran trouper.

Etiquette

Earlier he visited London, where "On Golden Pond" was selected for a royal command performance. The queen is said to have grown tearful over its poignant depiction of a long-married couple holidaying at their New England summer home.

"I had only a vague idea about etiquette at royal presentations," Rydell said. "Maybe you're supposed to just bow and mutter thanks. That's what I did, but I couldn't resist telling the Princess of Wales that she was beautiful. I think she liked that. Anyway, she flashed a gracious smile."

Having won royal favor, Rydell now comes up before the Hollywood court. "On Golden Pond" is a candidate for best picture at the Academy Awards on March 29 — the other contenders being "Reds," "Atlantic City," "Raiders of the Lost Ark" and "Chariots of Fire." Henry Fonda and Katharine Hepburn, who play its aging principals, are nominated for the

top acting awards, while Jane Fonda, as their daughter, is a candidate for best supporting actress.

"I'm no chronic worrier, but the daily speculations are a strain," he said. "Let's have a glass of champagne and relieve the tension."

"When I started 'Golden Pond' I had an attack of stage fright. I had three superstars, none of whom I had worked with before, under my guidance on 52-day location in New Hampshire. I had nightmares of temperamental flare-ups, differences of opinions on every set-up, objections to script changes — the lot. Contrary to my expectations, everything went swimmingly from start to finish. The only scenes were those before the cameras."

To what does Rydell attribute the current trend of U.S. plays and films to deal with such formerly avoided subjects as physical handicaps, terminal maladies and the grim side of old age?

"I think the movies have become more adult, more humanized," he said. "Of course, there will always be escapism — science fiction and horror thrillers — but there is an audience today for serious contemplation of life's real problems. And I don't mean soap-operas. I've acted in them. A drama like 'On Golden Pond' is wider scope. It digs deeper into reality with its conflicts and probing of character."

Rydell is a versatile director, eager to experiment. He does not — like some of his colleagues — "specialize" in a particular genre of movie. He has filmed D.H. Lawrence and Faulkner and he made the first Western in which John Wayne was permitted to die ("The Cowboys"). His harsh exposure of the exploitation of a rock star, "The Rose," enjoyed unexpected popularity. In Paris it has just completed a two-year run.

Born in the Bronx, Rydell at-

tended New York University and studied music at The Juilliard School. He has been a jazz pianist in cabarets and a pupil of Lee Strasberg. Today he is director of the Actors Studio West in Los Angeles. He made his theatrical debut on Broadway as an English sailor in "Seagulls Over Sorrento," with Rod Steiger as a fellow tar. His television direction brought him a Hollywood contract.

He has two projects on the stocks, both of a psychoanalytical nature.

"The first is a film of a play I saw in New York: 'Nuts,' by Tom Topor, the case of a girl of wealthy family, a university graduate, who becomes a high-paid call girl out of hatred of her incestuous father. She is involved in a murder and during the investigation her schizophrenic behavior is explained. The title must go, but the play has fascinating material. So has D.M. Thomas' novel 'The White Hotel,'

a fictionalized version of Freud's relations with a woman patient. That I'd want to shoot in Vienna. It has a period setting, but it is ultramodern. Freud being a hundred years ahead of his time."

The British director Michael Winner developed a sort of topical, urban Western in his film "Death Wish." Taking the structure of the horse-operas of the John Wayne-Gary Cooper era, he transformed the loner who protects the prairie community from lurking bad men into a city dweller who, having been attacked by hoodlum gangs and stung by the law's delay, takes justice into his own hands and hunts down and slays his enemies.

This glorification of vigilantism met with howls of indignation in some quarters, but it found prosperous support from the public.

Winner repeats the formula in a sequel, "Death Wish II." Again the premise has been criticized and again the film is proving an enormous success in the United States and Britain.

"There is a call for less violence on the screen. But how can the topic of street violence and crime be stated without scenes of violence and crime?" asked Winner, who was in Paris for the premiere. "Make no mistake about it, a campaign to restore strict censorship is afoot. Hollywood seems blind to the pending danger, while the puritan forces organize," he said. "Unless filmmakers take an immediate strong stand against the so-called moralists, the movies will again be back in kindergarten, as they were in the days of the Hays code."

'Death Wish II': More Tacky Vigilantism

By Vincent Canby
New York Times Service

NEW YORK — "Death Wish II" is even more foolish, more tacky and more self-righteously inhumane than the 1974 melodrama off which it has been spun by the one-too-many fingers of Michael Winner, who directed the original film. In the sequel, Paul Kersey, in the first picture, does it again without half-trying, which is understandable because the new plot is virtually a replay of the original. In that one, you may recall, Paul becomes a self-appointed one-man execution squad after his wife is murdered and his daughter raped by New York muggers.

This time Paul is living in Los Angeles, where lightning strikes him again. After his daughter, a beautiful

but emotionally scarred mute, is raped yet a second time and his happy Mexican housekeeper is murdered, Paul once more must take the law into his own trusty hands.

Wearing what amounts to his own Superman drag — a sailor's dark blue watch cap, an old jacket and work pants — Paul roams Los Angeles' Skid Row, parks and pinball parlors, tracking down the muggers, whom he shoots, bludgeons and, in one case, electrocutes.

For all of its violence, the film (which just opened in Paris under the title "Un justicier dans la ville No. 2") is so lethargic that it fails even to provoke outrage. Jill Ireland plays Paul's latest love, not very convincingly even though she is Mrs. Bronson offscreen. The film is so badly photographed that it looks like an early photocopy of the original.

Newspaper Withdraws Name From College Guide's Title

The Associated Press

NEW YORK — The New York Times is withdrawing its name from the title of a controversial new college guidebook compiled by the newspaper's education editor.

The book, titled "The New York Times Selective Guide to Colleges," by Edward B. Fiske, will in future printings be renamed, "A Selective Guide to Colleges," according to Leonard Harris, corporate relations director of the newspaper.

The book, which used a star system to rate 265 colleges and universities much the way critics use stars to rate restaurants or movies, has drawn unusually strong reaction from campuses, both favorable and critical.

"The Times is not disassociating itself from the book, except to clarify the title," Harris said, adding that the newspaper's name would still be on the book jacket since Fiske will remain identified as education editor of The Times.

"There's no difference at all in terms of how the book will be put

together, its contents. There's no element of repudiation," Fiske said.

The newspaper provided Fiske with extensive staff assistance in compiling the guide, and Fiske said he would get similar support from the newspaper in future editions.

System of Stars

Harris said, "I think this resulted from the fact that enormous attention was being paid to the system of stars used in the book, ranking such things as academics and quality of life, without terribly much attention to what the stars were supposed to signify. In a sense it was as if the newspaper had passed judgment on various aspects of universities, when Ted Fiske was making it quite plain that those were his personal judgments."

"We felt we were misleading readers by making them think these had the full, full weight of The Times behind it," he said.

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Steering by Statistics

As each new U.S. economic statistic appears, someone immediately brandishes it as evidence that the president's plans either are or are not working. As the quarrel over the Reagan strategy gets more tense, one elementary question becomes more important: Exactly how good are these statistics?

They are pretty good by any technical standard, and there is absolutely no hint of political manipulation. But one needs to be aware that there is a lot of wobble in them. The range of uncertainty in the monthly and quarterly figures is rather large, compared with the kind of movements that have become significant in the political quarrel.

U.S. economic policy — and a good deal of U.S. politics — is now being steered by three basic numbers: the unemployment rate, the Consumer Price Index and the gross national product. (The producer price index attracts notice only rarely, when it swings either very high or — as it did last month — very low.)

The tendency of the Consumer Price Index to overstate inflation in the upswings, because of the peculiar way it handles home mortgage interest, is pretty well known. How about unemployment? As it was initially reported, the unemployment rate in December was 8.9 percent of the labor force, in January 8.5 percent and in February 8.8 percent. How does one account for that roller-coastering of the rate?

Answer: One doesn't. It is very possible that there was no change at all during the period, or perhaps a slowly and steadily rising trend. Revisions of two-tenths of a point are common. One economist, Lawrence H. Summers, writing in the *Brookings Papers*, concludes that the rate has to move more than four-tenths of a point before one can be

quite sure — before, as a statistician would prefer to say, one can have 95 percent confidence — that the rate has really moved at all. About half of this wobble comes from trouble with the seasonal adjustments; the rest comes from the inevitable imprecision of sampling.

The gross national product number, which attempts to track the fluctuations in the economy's entire output, is equally subject to imprecision. Last fall, for example, the government's computers reported that the gross national product had risen at an annual rate of 1.4 percent for the summer quarter — heartening news, since a lot of people feared that the country was in a recession. But the average revision, between the first report that catches the headlines and the final calculation several years later, is by an instructive coincidence, also 1.4 percent. It's prudent to remember that the first reported gross national product number can be off two or three percentage points. The Bureau of Economic Analysis always offers that reminder on the last page of its GNP press release, but it draws less attention than it deserves.

Governments in the United States and elsewhere have occasionally generated serious trouble by overreactions to economic statistics that later turned out to be misleading. That is most likely to happen in periods like the present one, when things are going badly and anxieties are great. The rule of wisdom, for people who read newspapers as well as for people who make policy, is to pay more attention to general trends over the months than to the latest flash number. An unexpected number may mean that a trend is changing. Then again, as time passes, it may also be the number that gets changed.

THE WASHINGTON POST.

Defense Job Numbers

U.S. Defense Secretary Weinberger argued before the National Press Club recently that cutting military spending would mean lost jobs.

Defense jobs — because they generally involve highly skilled workers and large amounts of scarce raw materials — are among the most expensive jobs in the economy. The Defense Department estimates that the added \$33 billion in military outlays requested in the administration's budget would increase employment in defense-related industries by about 347,000 jobs. Each directly created job would thus cost almost \$100,000.

The secretary's estimate of 350,000 jobs lost for each \$10 billion cut from military spending, however, takes account of the indirect effects of military spending as it ripples out through the economy. This brings the average cost for each job down to about \$30,000.

What's the matter with this estimate? Simply that it assumes that, if the money were not spent on the military, it would be buried in a hole or stashed away under someone's mattress. This, of course, would not happen. The money would either be spent on other government functions, used to reduce the deficit or returned to taxpayers as a tax cut. Any one of these uses would produce more jobs than would military spending.

For example, either a tax cut or spending on public works — such as highways and urban renewal — would produce about 50 percent more jobs than the same amount of money spent on defense. Low-wage public service employment would create about three times as many jobs when all direct and indirect effects were taken into account.

There are reasons for increasing military spending, but job creation isn't one of them.

THE WASHINGTON POST.

Other Opinion

Retreat From the Left in France

The country people of France, ever a sensible counterweight to the agitation for change bred by industrialism, have sounded a clear warning to President Mitterrand. The results of Sunday's first round of "cantonal" elections... show a retreat from the left-wing majority in the country first revealed six years ago in the same poll, to the "norm" of a country divided straight down the middle into left and right.

Though not a political disaster for the firmly entrenched government... the result was nonetheless a setback for M. Mitterrand. The left is now unlikely to win control over half the local assemblies. This will be reflected in the next elections for the Senate... and in next year's municipal and regional elections. When things are sorted out after next Sunday's second round, the rightists, now raising their heads again, may find that they have won a valuable bridgehead....

M. Mitterrand's responsibility is manifest. The election has shown that at least half the people — probably many more — do not have left-wing sympathies. Their views should be respected. Their change of mind has come too late, of course. The process of state socialism is already too far gone — though its effects have yet to be felt. However, by toning down some of his promised reforms, President Mitterrand could still reassure the unconverted half of his nation that by "change" he does not mean "revolution."

— From The Daily Telegraph (London).

Time to Tighten Soviet Credit

The American administration is trying to bring about a major change in Western policy toward trade with the Soviet bloc. This is the significance of the visit to Europe by a delegation led by Mr. James Buckley, undersecretary of state for security affairs.... His

mission is to persuade the Europeans to join in a systematic and coordinated policy of trying to put economic pressure on the Soviet Union and Eastern Europe, largely by tightening up on credits.... It is an attempt to turn around most of the basic assumptions which have lain behind East-West trade since the early seventies....

Western Europe is very unenthusiastic about declaring economic war on the Soviet bloc. Its stake in East-West trade is very much bigger than that of the United States.... Europe badly needs the jobs which East-West trade provides, and badly needs Soviet raw materials and energy.... Moreover, European security depends as much on the stability of Western societies as on military defense....

It would, however, be wrong to succumb to total helplessness. The time has certainly come for tighter credit policies toward the Soviet bloc. Soviet behavior deserves no commercial generosity, and even on purely commercial grounds it is not such a good proposition as it was.

— From The Times (London).

A Joint Effort in Electronics

For those Europeans not prepared to resign themselves to irrevocable American and Japanese domination of the world electronics market, the question arises as to what strategy to adopt. The answer is not easy — otherwise it would already have been found. But surely it must be possible to achieve something by means of a joint effort. Are internal European conflicts of interest really so important in the light of the threat from without? American semiconductor manufacturers have recently united in a joint research and promotional venture, and this demonstrated their flexibility. Why cannot the European industry take a leaf out of their book?

— From the Neue Zürcher Zeitung.

March 17: From Our Pages of 75 and 50 Years Ago

1907: Victory by Nicaragua

WASHINGTON — Confirmation of a Nicaraguan victory over Honduras was received by the State Department from Mr. José de Olivas, American Consul at Managua, who states that the government informs him that the Nicaraguan forces, after fighting for more than two days with a force of 2,000 Hondurans at Maraita, won the battle last Wednesday night. Choluteca, a Honduran town, is besieged by Nicaraguan troops. Mr. Frederick M. Ryder, American Consul at Bluefields, Nicaragua, reports that a formal declaration of war by Nicaragua against Honduras has been made at Bluefields. In Santo Domingo, the government is delaying in submitting the treaty with the United States to Congress.

1932: Buy British Holidays

LONDON — The British government has announced that it still regards it essential that Englishmen pass their vacations in the British Isles and not on the Continent. Mr. Chamberlain, chancellor of the Exchequer, said that as the internal situation was not yet entirely sound, it was preferable that the moneys spent on holidays be kept in the British Isles, pending considerations of health. A statement from Lambeth Palace concerning the proposed trip of the Archbishop of Canterbury to southern France said: "Although his general health is excellent, the Archbishop has been troubled by a slight but persistent form of rheumatism, and his medical advisers insist on his having a month's rest in sunshine."

Japan Trade Reform Would Have Complex Consequences

By Ken Ishii

TOKYO — In a country confronted by the strongest drive yet mounted by its trading partners to open up its markets or face the consequences of protectionist retaliation, it is remarkable that so little about the subject has been said to date in the Diet.

No Japanese politician in his right mind, conservative or Socialist, can afford to risk alienating the important farm vote by proposing that barriers to agricultural imports, particularly grain and citrus fruits, be eliminated. More than 50 percent of the support for the ruling Liberal-Democratic Party comes from the rural areas, which are also a vital source of support for the middle-of-the-road and Socialist parties.

The extent of government protection for Japan's farmers is illustrated not better than by the outdated system of supports to rice growers — including the annual fixing of prices — as a result of which the government is forced to buy and store millions of tons of excess production that will never reach Japanese tables. Despite frequent criticism of the government regulation of prices — instituted in the postwar years when food was short — the anachronism, and the huge bureaucracy to administer it, survive.

Similar situations exist in many other areas that have become targets of demands that Japan facilitate access to its markets by removing or simplifying procedures administered by large staffs that, under the Japanese system of lifetime employment, cannot be fired simply because their usefulness has ended.

In this sense, the latest round of pressure on Japan to remove its nontariff barriers implies consequences that go much deeper than at first imagined. As the newspaper Yomiuri noted in a recent editorial touching on the hearings in the U.S. Congress on relations with Japan, "They deal not with a specific area or a specific industry but with a wide range of political, economic, social and cultural aspects that involve the structure of Japanese society."

At U.S.-Japanese trade talks in Tokyo this month, U.S. officials said they appreciated recent Japanese measures to remove trade frictions. To date the Tokyo government has agreed to accelerate tariff reductions and simplify import procedures on a limited number of items. But not until April will U.S. and Japanese officials begin examining the more crucial

areas of Japanese import restrictions on agricultural and fisheries products and citrus fruit.

While the Japanese recognize that they must take some very positive action to stem the criticism, they are distressed over what they consider a lack of understanding by the industrial West. Premier Suzuki summed up on a recent television program.

Referring to the economic and social disruptions likely to result from the total removal of trade barriers, the premier said: "The United States suffers from a great misunderstanding. Either that or they do not understand conditions in Japan.... I don't think the Japanese market is as closed as others make it out to be. But we must show we are trying, as we did by the removal of 67 nontariff barriers. Some say this is only the tip of the iceberg, but in fact Japan has less restrictions on the import of manufactured goods than either the United States or the EC."

Noting that this is an election year in the United States, Mr. Suzuki maintained that what U.S. congressmen have been saying in demanding more access to Japanese

markets is for consumption in their districts "and does not necessarily represent the view of the United States as a whole."

On the subject of grain and meat, import restrictions for which have long been a sore point with U.S. meat producers, Mr. Suzuki argued: "If Japan heeded the demands of meat interests and bought more American meat, it would mean buying less feed for our own cattle, and that would hurt American farmers."

But over and above these and other contentions — that high U.S. interest rates are weakening the yen and encouraging more Japanese exports, that full access to Japanese markets has little impact in reducing Japan's trade surplus, that foreign businessmen are not trying hard enough to penetrate the market — and whatever their merits, there is the feeling that the industrialized countries are making Japan a scapegoat for their own shortcomings.

The simplest answer would be to remove all trade barriers, or at least reduce them to the level of Japan's trading partners — achieve a balance of market access and allow the balance of trade to find its own level. Such a solution, how-

ever, would create chaos in the fabric of Japan's economic and social structure. The many-tiered distribution systems by which products reach consumers and the marketing associations that zealously guard their self-imposed rights to approve or reject a product are all part of the complex means of nontariff barriers.

Any attempt to simplify procedures built up over the years, over centuries in some cases, will be slow. Will they be too slow to satisfy the West?

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... And It Might Not Be Enough

By Stephen Klaidman

WASHINGTON — There means to be a dim light dawning in both Washington and Tokyo that the U.S. and Japanese economies are dependent on one another and that protectionism, Japanese or American style, will hurt both countries.

The Japanese, without waiting for a national consensus to develop, have appointed a special trade representative to work with the United States and Western Europe on ways to eliminate Japanese nontariff trade barriers.

Meanwhile, the U.S. government is discreetly back-pedaling away from "reciprocity," which, U.S. Trade Representative William Brock is finally beginning to understand, could set off an old-fashioned trade war that could do much more than just disrupt U.S.-Japanese trade relations.

If Congress were to enact reciprocity legislation, it could set off a run of special pleading by U.S. industries, upset the international trading system, and rebound across the whole range of U.S.-Japanese relations, including security.

There is considerable fear, though, in Washington and Tokyo, that the Japanese will produce too little, too late, and there will be no way to head off Congress.

David R. McDonald, the deputy U.S. trade representative who has just returned from a meeting in Tokyo, says, "The political leadership in Japan knows they have a problem that needs to be addressed." But he added, "Whether they can bring it off, I don't know."

To "bring it off" means to give the U.S. government enough ammunition to fight off rising protectionism in Congress. "We'd be able to fight a lot harder against reciprocity," Mr. McDonald said, "if we thought we were getting a fair shake from Japan."

What would constitute enough ammunition? Mr. McDonald suggests the following:

The Japanese would have to make an overarching statement saying that for the last 30 years we've followed a policy of building up from the ashes. We oriented our economy in such a way that 'buy domestic' was the order of the day. Now we're changing all that."

Mr. McDonald would not speculate on the chances of Tokyo issuing that kind of statement.

Smart Money

A congressional aide who follows these issues speculated that Japan might eliminate its tobacco monopoly, which could be worth more than \$1 billion to U.S. cigarette producers. That, too, would go a long way toward satisfying Congress.

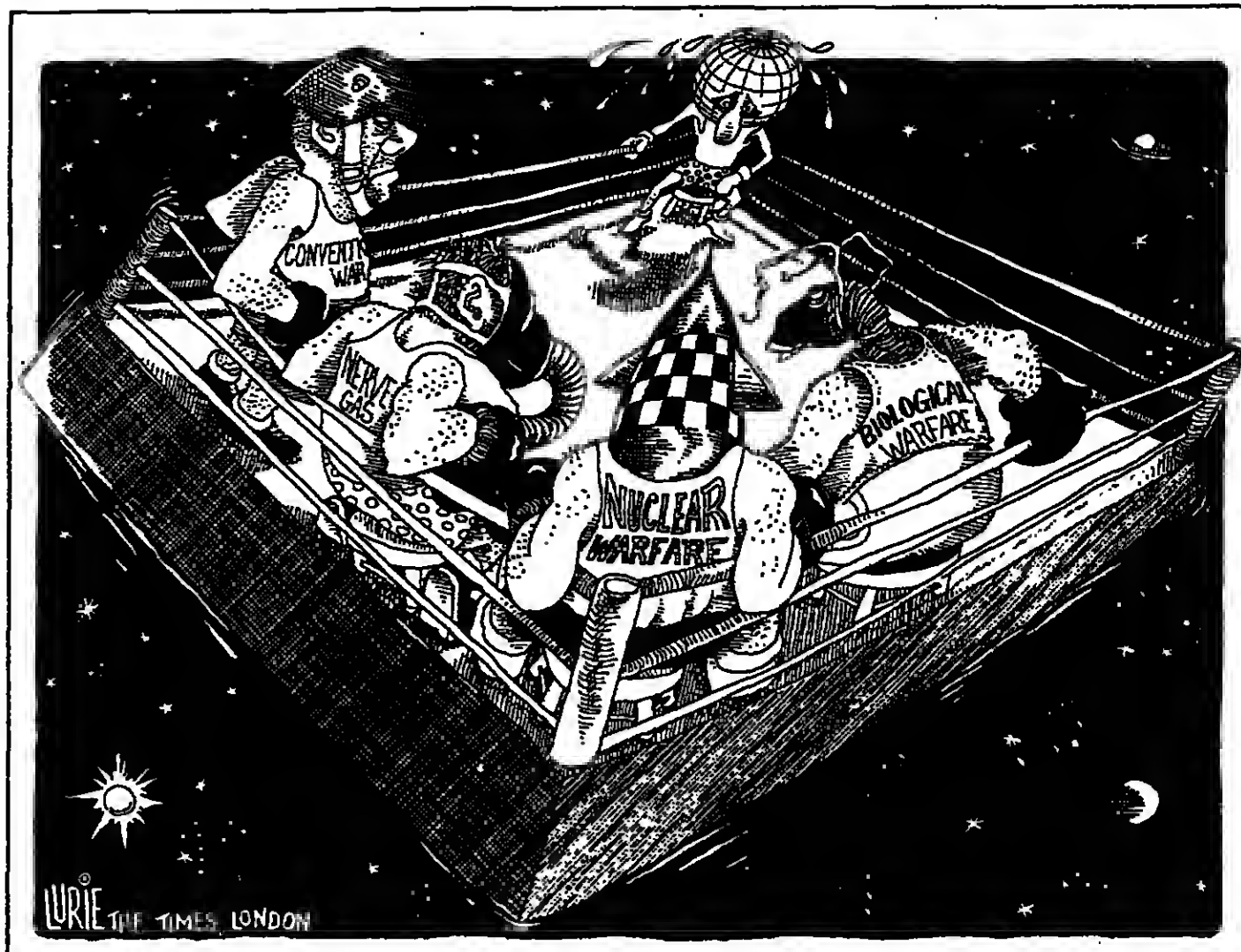
But the smart money, both in the administration and on Capitol Hill, is betting that whatever package of trade deals the Japanese come up with before the Japanese summit at Versailles in June, it will be inadequate to satisfy Congress and possibly the U.S. and European governments. Few Washington observers believe Japan will do much better this time than it did in January, when it eliminated 67 nontariff barriers. Mr. Brock generously estimated that this addressed no more than 15 to 20 percent of U.S. concerns.

There are already signs of U.S. retaliation. For example, though the Japanese electronics company Fujitsu was the low bidder on a contract to produce fiber-optical telephone cable for American Telephone & Telegraph, a coalition of businessmen, bureaucrats and congressmen collaborated to kill the deal and the contract went to Western Electric, AT&T's manufacturing subsidiary.

Meanwhile, nobody in Washington is accusing Mr. Brock of overstatement for having told a Senate Finance Committee subcommittee that unless there is some real progress in U.S.-Japanese trade talks, within three or four months "world trade relations may take a 'serious backward step.'"

There's only so much the Japanese can do, given their social, economic and political realities. The administration seems to recognize that now, but for senators and representatives facing election in the fall and unemployment at 8.8 percent and rising, the \$15.6-billion trade deficit with Japan looms awfully large.

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New U.S. 'Aid' for Tunisia: Seeds of Disaster

By Claudia Wright

NEW YORK — Habib Bourguiba, at 82 the grand old man of Arab politics, president of Tunisia since 1956, the staunchest friend of the West in North Africa, is passing from the political scene.

Uncertain about the future, the Reagan administration has decided on a policy of delivering to Tunisia fighter aircraft, tanks and missiles to try to guarantee that Bourguiba's successors will be pro-U.S. — a repetition of a policy conceived more than 20 years ago.

There is no sign that the administration has learned the lessons of North Africa's recent past, nor that it understands how U.S. arms will disrupt the delicate balance of internal forces — among militant unions, Islamic fundamentalists, Arab nationalists — that Bourguiba has preserved over the years.

In its lack of historical perspective and its military preoccupations, the Reagan administration's plan contains the seeds of disaster for U.S. influence in Tunisia.

In 1959 President Dwight D. Eisenhower's Committee to Study the U.S. Military Assistance Program prepared a report that told the president to "strengthen Bourguiba by giving him prestige weapons, such as tanks and armored vehicles, which would make him the strongest single Arab leader in the Maghreb."

Eisenhower was worried about the threat to Tunisia posed by President Nasser of Egypt,

and by the Algerian National Liberation Front, which was fighting the French. Today the primary U.S. concern is Libya and Col. Moammar Qadhafi.

This year the Reagan administration has offered — and Congress has approved — credits for the sale of a squadron of 12 F-5E and F-5F aircraft to Tunisia; next year, Tunisia hopes to obtain 54 M-60 tanks, and, in following years, other weaponry. In exchange for a U.S. promise of military intervention if Tunisia requests help, Bourguiba has agreed to provide U.S. air and naval forces in the Mediterranean with access to Tunisian ports and airfields.

The military tie with the United States provides the disunited Tunisian opposition with a unifying issue, by repressing conventional politics and driving his opponents underground, Bourguiba will leave behind violent anti-Americanism as the only route to power.

Unlike the Eisenhower plan, the Reagan arms are not a grant, but must be paid for on terms that the ailing Tunisian economy cannot afford. Even with substantial Saudi Arabian subsidies, the cost of U.S. weaponry will threaten the government's education and welfare programs, and so stimulate economic distress and adverse public reactions.

To many Cabinet ministers and the political opposition, the rationale of the Reagan plan is misguided. Although Col. Qadhafi is not pop-

ular among Tunisians, they do not consider Libya the threat to the country's security that Washington claims it is.

They are primarily concerned with the deteriorating economy and see normalization of Tunisia's relations with Qadhafi — an inflow of Libyan investment, an outflow of Tunisian exports and workers — as a more practical and cheaper solution to their problems than U.S.-backed military confrontation. The "Libyan threat" is regarded in Tunisia as a device manipulated by pro-U.S. contenders for Bourguiba's power.

The lesson Bourguiba always understood, and the Eisenhower administration accepted, was that the best security for Tunisia was investment, employment and economic growth. For a quarter of a century the United States' relationship with Tunisia has been built on economic assistance ahead of arms. If the Reagan administration sticks to its plan, there will be nothing but arms and debts — and mounting insecurity.

The writer is Washington correspondent for The New Statesman and a fellow of the Woodrow Wilson International Center for Scholars. This article was adapted by The New York Times from the spring issue of Foreign Policy magazine.

Propaganda Jeopardizes Cultural Exchange

By Fred Warner Neal

CLAREMONT, Calif. — As a scholar often in Yugoslavia doing research or attending academic meetings, I have frequently responded to requests from the U.S. foreign cultural-relations agency — now known as the International Communication Agency — to give lectures there on various facets of U.S. life.

When some months ago I was invited to a conference in Belgrade, I reported this to the ICA in Washington, and asked if the agency would like to have me do something. Yes, I was told, by all means. Please send details at once. Weeks went by, during which I had no response. Then, in early September, I received a call from an ICA functionary whose name was unknown to me. He was, he said, considering my "request for assistance in going to Belgrade."

There was one question: Would I "support the Reagan administration foreign policy?"

What Policy?

When I recovered from my astonishment, I asked the obvious: What foreign policy? Could he tell me what it was? I was going to Belgrade, I said, as an independent scholar, not as an advocate of anything. I would never attack U.S. foreign policy in a foreign country. I added, but as for supporting the "Reagan administration foreign policy," I couldn't even if I wanted to because I didn't understand it. Would I, for example, support or

oppose the idea of a trade embargo on the Soviet Union? Was I expected to be for arms limitation agreements or a continued military buildup? For or against sending modern weapons to Taiwan? For or against increased aid to underdeveloped countries?

Perhaps, I suggested, my caller could enlighten me on these points. What exactly was the foreign policy I was being asked to support?

The ICA man stated only that there was "now a policy of not sending anybody abroad who would not support the administration foreign policy." He would have to consider the matter in that light and get back to me. He never did.

Soon after this conversation, I mentioned dismay to a friend in the ICA. "Well," he said, "this is happening all over around here. I didn't know they had gone that far, but we are being politicized all over the place. Cultural relations are fast becoming political."

Since that time, instructions have gone out that the political litmus test must be applied to ICA support for any scholars participating in meetings abroad, even remotely concerned with foreign affairs, economic policy or anything else on which the administration has indicated a position. All inquiries about such matters are referred to a "public liaison office." And there, an ICA acquaintance

told me, "they are instructed to stonewall it."

Foreign cultural relations play an important role in how the United States is understood abroad. Traditionally, a wide variety of scholars have participated in, especially when visiting U.S. professors lecture in the language of the host country. When there have been ambiguities in U.S. foreign policy — a not wholly unknown state of affairs — such lectures have helped clarify the complicated, sometimes arcane decision-making processes in Washington. Foreign audiences, in my experience, appreciate not being propagandized.

The head of the ICA is Charles Z. Wick, a Los Angeles friend of President Reagan. He has directed

preparation of a new "mission statement" that makes it clear that the mission is primarily one of political propaganda geared to the administration's anti-Soviet stance. The ICA's staff includes many competent public servants dedicated to cultivating understanding of the United States abroad. The instruction's name, as if to cover up the new direction, is soon to be changed back to U.S. Information Agency. The change, a staffer commented wryly, "is unlikely to fool many people, at home or abroad. What we are now engaged in doing is just too blatant."

The writer, professor of international relations and government at the Claremont Graduate School, contributed this article to The New York Times.

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BUSINESS NEWS BRIEFS

Australia Approves Uranium Development

CANBERRA — The Australian government gave conditional approval on Tuesday to development of the country's richest uranium deposit, at Jabiluka in the Northern Territory.

The government said the project partners, Australia's Pancontinental Mining and the Getty Oil of the United States, could start negotiating sales from the land, which contains an estimated minimum of 200,000 metric tons of uranium oxide, worth at least 18 billion Australian dollars (\$19.07 billion).

For final approval, the partners must meet the requirement that uranium projects are 75-percent Australian owned. Getty has a 35-percent stake and Pancontinental 65 percent. Aboriginal tribes living around Jabiluka have agreed with the companies on the mine's development.

Brussels-Lambert Weighs Restructuring Plan

BRUSSELS — Groupe Bruxelles Lambert is planning a merger with its wholly owned subsidiary Cie. Bruxelles Lambert as part of a financial restructuring plan, which will also include a change in its financial year dates, a company spokesman said Tuesday.

GBL shareholders have approved plans to raise the company's capital from four billion to six billion Belgian francs (\$91 million to \$136 million) from April 1, in an operation to be fully underwritten by a group of new shareholders led by industrialist Albert Frère, and including Pargesa of Switzerland, Cobepe of Belgium and Gevaert Photo-Produit.

The merger is to be put to GBL shareholders at a meeting in July, and if approved would be retroactive to April 1, the spokesman said. GBL is also planning to reduce its stake in Banque Bruxelles Lambert to around 20 percent from 47 percent, the spokesman said.

Gandolfi Accepts Post as ENI Commissioner

ROME — Enrico Gandolfi agreed Tuesday to accept the job of interim commissioner of Italy's state oil company, ENI.

Premier Giovanni Spadolini announced the decision Friday to place a commissioner in charge of the enterprise in an attempt to ease a political wrangle that followed a request by Gianni De Michelis, the Socialist minister of state participation, for the resignation of all five members of the ENI executive board as part of a restructuring of state industrial organizations.

But Mr. Gandolfi, president of the ENI subsidiary SAIPM, at first declined to take the job and asked for further clarification and special conditions. Mr. Gandolfi announced his acceptance after a meeting Tuesday with Mr. Spadolini.

Britain to Study Rowntree's Bid for Huntley

LONDON — Rowntree Macintosh's bid for Huntley & Palmer Foods has been referred to the Monopolies Commission, Britain's Trade Department said Tuesday.

Huntley & Palmer's board earlier rejected Rowntree's offer of one Rowntree ordinary share plus 150 pence for every three Huntley & Palmer ordinary shares. Last week, Huntley & Palmer and Nabisco Brands of the United States said jointly they were holding exploratory merger talks, which might lead to a recommended bid from Nabisco.

Ricoh Watch Sets Closing of 4 Subsidiaries

NAGOYA, Japan — Ricoh Watch of Japan said Tuesday it is closing four subsidiaries, one in Japan and three overseas.

Company President Tadatoshi Iitaka said the company would close Ricoh Watch Precision in northern Japan and three of the main company's factories in central Japan.

He said that the company has already closed Ricoh Watch Europe in Disseldorf and that two other overseas subsidiaries, Ricoh Time of America in Dallas and Ricoh Time Hong Kong, will be dissolved at the end of April. Ricoh Watch, an affiliate of Ricoh, the copying machine maker, lost 2.18 billion yen (\$9 million) in the business year ending last November.

Soviet Bloc Growth Slowing, Debt Increasing, UN Finds

GENEVA — Economic growth is slowing in the Soviet bloc with declining exports and increasing Western debt, United Nations economists said in a report released Tuesday.

The economic output of the East European countries declined 1 percent last year after growth of 1 percent in 1980, the Economic Commission for Europe said in its annual survey of the Soviet bloc.

Even the Soviet Union, far more richly endowed with raw materials, saw its rate of growth drop slightly to 3.2 percent, it said.

The volume of Eastern Europe's exports dropped 2 percent last year after growing 4 percent in 1980. The volume of Soviet exports fell 4 percent in 1981 after growing 1 percent the year before.

At the same time, the region's debt to the West rose to \$80.7 billion last year, up from \$72.4 billion in 1980, the survey said.

In addition to the \$22.4 billion owed by Poland to the West, the report said Warsaw also owed \$2.6 billion in convertible currencies to other Communist states.

Borrowing Costs Rise

Total borrowing costs — including interest rates and fees for arranging loans — rose to record levels last year. Communist countries had to pay about \$8.5 billion in interest, compared with \$7 billion in 1980 and \$5 billion in 1979, it said.

The Soviet bloc switched to more short-term loans and non-syndicated borrowing last year to meet its financial needs, the survey said. The level of its medium- and long-term syndicated bank loans dropped to \$1.5 billion from \$2.7 billion in 1980.

Communist states may have chosen this more confidential way of raising money because it allowed them to accept stiffer conditions without other banks knowing, the survey said.

A major reason for the decline in syndicated bank loans for Eastern Europe last year was Poland's absence from the market, the survey concluded.

Romania had problems raising credits in the second half of 1981 and reduced its borrowing, while Bulgaria seemed to need no new credits and Czechoslovakia chose to draw on its reserves, it said.

East Germany and Hungary borrowed at around the same level or higher than in 1980, it added.

Poland's 13 percent drop in economic growth last year influenced the figures for the area's overall performance, which showed growth just under 3 percent when Poland was included.

But despite differences in economic performance within Eastern Europe, the survey said the area was suffering from a long-term decline in growth that is reflected in national plans for 1981-1985.

Investors Withdraw Offer for Kaiser

By Martin Baron
Los Angeles Times Service

LOS ANGELES — Minutes before Edwin Morgens stepped on a plane going from New York to Florida last Friday, he received some information that would spoil the flight: An investment group was pulling out of its agreement to buy Kaiser Steel for \$55.25 a share.

Mr. Morgens, investment adviser to Kaiser Steel's largest shareholder, the Henry J. Kaiser Family Foundation, was stunned.

On Monday, Mr. Morgens received another rude shock. The value of Kaiser Steel stock plummeted to \$26.50 from Friday's closing of \$40. With 1.2 million shares of Kaiser Steel, the Kaiser Foundation had just lost more than \$16 million.

It is not known precisely why the investment group backed out, but Stanley Hiller Jr., including investor Gbairt Pharoan and shipowner Daniel K. Ludwig pulled out of its agreement. Neither Mr. Hiller nor Kaiser Steel's chief executive would provide much detail.

But Mr. Hiller apparently has informed Kaiser Steel's largest shareholders that the sit-

Steel Company's Stock Price Drops More Than 33% on Announcement

uation at the Oakland, Calif., steel company was far worse than he had suspected.

"I heard from his lawyer, who said they were backing away," said Mr. Morgens, who heads Morgens, Waterfall & Co., a New York financial services firm. "They were made quite nervous by the losses they had seen, by the losses they anticipated in 1982. They felt some of the contingent liabilities in health and benefit plans were awesome."

"They didn't feel they could consummate (the deal) at \$55.25. They didn't think it would be well to re-trade (re-negotiate) the deal. So they said, 'Gee, fellows, let's part as friends.'"

Mr. Morgens also noted that the Hiller group would have been obligated — if it had gone ahead with the deal — either to pay off a group of insurance lenders, or renegotiate the terms of its \$200 million in debt currently carrying only a 9 percent interest rate.

"If they massively overpaid for (Kaiser), they were digging a helluva hole," Mr. Morgens said.

In an interview Monday, Mr. Hiller said that he did not want to explain in detail his reasons for withdrawing. But he said the change of heart came after a team of professionals, including representatives from the Arthur Young & Co. accounting firm and Elyth Eastman Paine Webber, spent more than a month evaluating Kaiser Steel's financial condition.

Mr. Hiller said there was "a substantial difference in value (of the firm) as originally perceived (by the investment group) and as it developed after we sent a major (team) effort into the company."

Mr. Hiller noted that the magnitude of fourth-quarter write-offs, stemming from the phase-out and shutdown of various steel facilities, was far more than the company's original estimate of "at least \$150 million." As recently reported,

U.S. Output Rose 1.6% in February

the ultimate \$529 million write-down in the fourth quarter included \$112 million in employee termination costs.

Mr. Hiller said he believed a deal could have been consummated last fall when his group first expressed interest in the firm. Kaiser management first spurned Mr. Hiller's overtures. And last November, it announced that it would shut its primary steel-making operations in Fontana and its Eagle Mountain iron ore mine.

In an interview Monday, Kaiser Steel chief executive Stephen A. Girard rejected suggestions that Mr. Hiller's pull-out indicated that prospects for a turnaround were bleak.

"His vantage point is different from our vantage point. I don't have to raise \$560 million to get my shareholders taken care of (bought out) or my bondholders taken care of," Mr. Girard said.

"We've got cash, and we've got all our opportunities in front of us. ... We've got to have some time to take the entire organization and dedicate it to this (reorganization) plan adopted seven or eight months ago."

U.S. Output Rose 1.6% in February

WASHINGTON — Factory production in the United States increased 1.6 percent in February, the first improvement in seven months, the Federal Reserve Board reported Tuesday.

The Fed said the February increase included catch-up production that was delayed by "severe January weather." Production declined a revised 2.5 percent in January, the largest drop of the current recession.

Originally the board said output fell 3 percent in January.

Because of the weather correction, economists said that the February production improvement was not enough to demonstrate the economy was getting better.

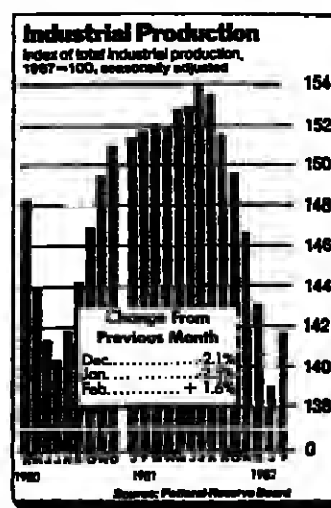
"No it does not," said Otto Eckstein of Data Resources in Lexington, Mass. "This is what we expected. It is a rebound mainly based on the weather," he said. He added, however, that another two or three months of improvement could be the basis of a recovery.

At 141.8, the production index was still 1 percent below the December level and 6.6 percent below its level a year ago.

The Fed agreed that the increase does not necessarily signal the end of the current recession.

The Fed's index of the percentage of factories that are cutting back, published with a month's delay, showed 70.6 percent of the nation's factories were trimming output in January, the broadest pull-back since May, 1980, the middle of the last recession.

Automobiles were assembled at an annual rate of 4.1 million units



NYSE Nationwide Trading Closing Prices Mar. 16

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary

March 16, 1982

Dow Jones Averages

Index	High	Low	Open	Close
Dow Jones Industrial Average	2,454.12	2,448.12	2,450.00	2,450.00
Dow Jones Transportation Average	1,154.12	1,150.12	1,152.00	1,152.00
Dow Jones Utility Average	1,154.12	1,150.12	1,152.00	1,152.00

Market Diaries

NYSE	AMEX
NYSE Composite Index	AMEX Composite Index
NYSE Volume	AMEX Volume
NYSE Turnover	AMEX Turnover

NYSE Most Active

Symbol	Price	Change
IBM	175.00	+1.00
AT&T	100.00	+1.00
GE	100.00	+1.00

NYSE Index

Index	High	Low	Open	Close
NYSE Composite Index	2,454.12	2,448.12	2,450.00	2,450.00

Standard & Pools Index

Index	High	Low	Open	Close
Standard & Pools Index	2,454.12	2,448.12	2,450.00	2,450.00

AMEX Most Active

Symbol	Price	Change
AMEX Composite Index	1,154.12	+1.00

AMEX Stock Index

Index	High	Low	Open	Close
AMEX Stock Index	1,154.12	1,150.12	1,152.00	1,152.00

Odd-Lot Trading in N.Y.

Symbol	Price	Change
Odd-Lot Trading	1,154.12	+1.00

Dow Jones Bond Averages

Index	High	Low	Open	Close
Dow Jones Bond Averages	1,154.12	1,150.12	1,152.00	1,152.00

Symbol	Price	Change
Dow Jones Bond Averages	1,154.12	+1.00

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(Continued on Page 10)

John, in LIT

Cyprus' Location, Tax Deals Pull In Foreign Businesses

By Marvin Howe
New York Times Service

NICOSIA — S.C. Johnson & Son Ltd. moved its regional sales and marketing operations to Cyprus nine months ago, and already the company's sales have risen more than 20 percent.

"There just isn't anywhere else that can compete as a base for our needs," said Victor B. Woodfield, sales director for the Middle East and Africa for the maker of Johnson's Wax and other products.

The sales and marketing unit of this U.S. corporation is one of 1,233 foreign companies that have set up shop on this strategically placed Mediterranean island to take advantage of its proximity to Middle East markets and its tax incentives. The Cypriots call them "offshore" companies.

Eleftherios Ioannou, senior manager of the foreign department of the Central Bank of Cyprus, said a record 333 offshore companies established themselves on Cyprus last year.

Offshore Banking Arrives

Thus, Cyprus, for hundreds of years a hub of Mediterranean trade, is fast becoming a center for contracting, consulting and management activities, with a focus on the Middle East. There is also growing interest in Cyprus as a redistribution center for sorting and repackaging bulk cargo in bonded warehouses.

And now the island has begun offshore banking. The Luxembourg-based Banque de Commerce et de Crédit International is the first bank to establish an offshore branch here, Mr. Ioannou said, and there have been a number of "feeler" from other international banks.

Cyprus is not a free-wheeling Beirut, nor is it a tax haven like the Bahamas, Cypriot officials stress. They acknowledge, however, that the island's aspiration is to become "the Singapore of the Middle East."

"Despite the continued Turkish occupation of nearly 40 percent of the island and the influx of 200,000 refugees after the Turk-

ish invasion in 1974, despite the world recession, the Cyprus economy continues to show growth and has managed to attract usually nervous foreign business sectors." Foreign Minister Nicos A. Rolandis remarked with satisfaction recently.

Local Business Prohibited

According to regulations governing the offshore companies' activities, they are allowed to manage and control their foreign operations from Cyprus but cannot trade or do other business on the island. They benefit from special tax privileges, with only 4.25 percent of their profits, or one-tenth of the normal rate for limited companies, taxable and with complete exemption for a branch.

The offshore companies have come mainly from Britain, the Netherlands, Australia and Canada.

John Costa, the U.S. manager of Johnson's Cyprus subsidiary, explained that the head office decided some time ago it was necessary to consolidate sales and marketing for the Middle East, North Africa, West Africa and the Caribbean. Previously, he said, these operations were carried out from London, Paris, Abidjan and Beirut, and often competed among themselves.

"We looked at six or seven other places in the region and then opted for Cyprus," Mr. Costa said, listing these reasons for the choice: first-rate telecommunications with Europe and most Middle East markets; proximity to the Mideast; responsive local administration and minimum bureaucracy; high-quality, English-speaking local personnel; and good climate and pleasant living conditions.

Johnson's multimillion-dollar operation covers 40 markets. Rather than being a simple export operation, salesmen stationed in Cyprus must go out into the markets to find out what their customers need and want. Accordingly, Mr. Costa emphasized, there is a need to be near the markets.

"Do you realize that in one week we established all the legal and financial arrange-



ments, leased office space, hired top-notch clerical personnel, and within three weeks were fully capable," Mr. Costa said.

The Johnson employees, like those of other offshore companies, have three main complaints about Cyprus: inadequate air connections with the Mideast; visa problems from some Arab countries; and the local weather shortage. They stress, however, that the advantages of Cyprus outweigh the difficulties.

Cyprus Airways flies to the Middle East, but not very frequently. Thus, businessmen find themselves flying back to London or Paris to get to Saudi Arabia. Similarly, they have to go to Athens to get visas for Saudi Arabia and other countries without embassies here. Mr. Rolandis says he is aware of these problems and is trying to find solutions.

Water, on the other hand, is recognized as a national problem and is regularly rationed in summer. The authorities have a plan to meet the problem by bringing water in from the Olympus Mountains, but it will be costly and take years.

There are other problems. The lack of a university on the island and the relative scarcity of cultural activities troubles some of the newcomers. But there is little violent crime, and Cyprus is one of the rare countries these days where people leave their cars unlocked.

Theobald's Star Seen On the Rise at Citicorp

By Robert A. Bennett
New York Times Service

NEW YORK — If the financial community were to vote on who should be the next chief executive officer of Citicorp, Thomas C. Theobald, currently senior executive vice president, would be a shoe-in.

"It better be Theobald because he's making all the money, and he's at the heart of what banking's all about," said John J. Mason, chief bank stock analyst for Shearson/American Express.

Mr. Theobald, 44, has been burning up the track, producing hundreds of millions of dollars of profit each year for Citicorp as the head of the Institutional Bank, the part of Citicorp that deals with corporations, governments and financial institutions across the world. Although he runs the most lucrative part of Citicorp, he is credited with having made the most of it in an increasingly competitive environment by adopting a number of new strategies.

He has, for example, developed "profitability targets" for each corporate borrower, enabling Citicorp to make concessions in one area and offset them in another. If Citicorp cannot meet its profitability target with any one company, it will drop the business.

Increased Efficiency

This sort of targeting is dependent on an expensive electronic monitoring system that Mr. Theobald's group has developed. Under Mr. Theobald, Citicorp has also become a leader in electronic communications and funds-movement systems, which have increased the bank's global efficiency.

But it is not the analysts who will pick the bank's next chief executive. The decision will be made by Walter B. Wriston, Citicorp's chairman and chief executive officer, and by the Citicorp board.

Although Mr. Wriston, now 62, has three years to go before he retires, the scheduled retirement of two key members of his team in the next few months will force him to make replacement decisions.

The two are William I. Spencer, president, and Edward L. Palmer, chairman of the executive committee. Both are 64 and will reach retirement age this summer.

Mr. Wriston declined to discuss management succession, and he has asked his officers not to do so publicly. He has been extremely careful not to show his hand, and he has indicated that he remains undecided.

Meeting Goals

Citicorp does not disclose how much Mr. Theobald's unit earns. But Richard Freytag, vice president in charge of investor relations, said that Mr. Theobald consistently meets the organization's long-term goals of earning more than 80 cents for each \$100 of total assets, and \$20 on each \$1 of shareholder equity.

Based on the \$60 billion in assets he managed last year, Mr. Theobald's group earned at least \$480 million last year, out of total operating earnings of \$555 million.

His chief rivals appear to be the company's two other senior executive vice presidents, Hans H. Angemüller and John S. Reed.

Mr. Reed, 43, has been struggling for eight years to create a profitable consumer banking operation. Until recently, he acknowledged, consumer banking had been losing "pennies" of money, dragging down the profit of the whole company.

Some analysts said that may

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U.S. Revises Plan to Sell Offshore Areas for Exploration

By Philip Shabecoff
New York Times Service

WASHINGTON — Interior Secretary James G. Watt has announced the revised version of his proposal to offer 1 billion offshore acres for oil exploration over the next five years, but environmentalists said that the original proposal was little changed.

The revision, which was made public Monday, changes the timing and size of some individual lease sales and some of the procedures under which the offshore areas will be offered to the oil and gas companies. Leasing in the contested Bristol Bay area off Alaska would be deferred.

The proposal also makes changes in the bidding procedures in the offshore tracts "to assure receipt of fair market value for outer continental shelf lands leased and rights conveyed," according to an Interior Department statement.

Saying that the accelerated offshore development program was "an effort to reduce America's dependence on foreign oil imports," Mr. Watt said it would also "give industry a broader choice in determining exploration strategies and continue the excellent environmental record of the OCS (Outer Continental Shelf) program."

But environmentalists said that the offshore program was basically unchanged and continues to pose a grave environmental risk to offshore and coastal areas.

The American Petroleum Institute, representing the oil industry, praised the revised plan, saying it would provide more energy and more jobs.

The five-year program, first announced by the department last July, was ordered changed by the U.S. Court of Appeals for the District of Columbia to take account of the environmental impact of the accelerated exploration and drilling.

'20 Times Greater'

The studies done under the court order showed that the program's potential benefits to national security and the environment "clearly outweigh" potential losses, including environmental damage, Mr. Watt said.

"In each area, the value of development, minus production and transportation costs, is at least 20 times greater than the measurable environmental costs," he said.

As in the original proposal, entire "planning areas" hundreds of thousands of square miles in size, would be made available for leasing. But the revised plan would focus on areas deemed by the industry and by the U.S. Geological Survey to contain the highest oil and gas potential. In practice, according to one department official, this would probably mean much more leasing activity off Alaska, for example, than in the coastal waters of Long Island.

Lease sales off central and northern California have been delayed, and offerings in the eastern Gulf of Mexico have been shifted from a yearly to an every-other-year basis.

As part of the changes in the bidding program, the minimum bid has been raised from \$25 to \$150 an acre.

J. Robinson West, assistant secretary of the Interior for policy and planning, said the new proposal

contained very substantial changes. "It is now a market-oriented approach," he said. "We expect the private sector to explore for and find oil at enormous risk to itself."

He added that industry will be required to proceed in an "environmentally safe manner."

GM Asks UAW for Pact Similar to Ford's

By Iver Peterson
New York Times Service

DETROIT — General Motors has asked the United Auto Workers for concessions nearly identical to those the union recently granted to Ford Motor.

The union response to GM's proposal, which would trade a wage freeze and loss of some benefits for greater job security and profit sharing, was generally positive. But union officials insisted on seeing specifics in the broadly written GM proposal before committing themselves.

Some GM officials had let it be known before Monday's bargaining session — the first since talks broke off in January — that they considered the Ford agreement, which took effect March 1, not generous enough to meet GM's idea of labor-cost competitiveness. The union had responded by telling the industry leader not to expect a better deal than Ford had received.

The establishment of the Ford pattern as a map for the GM talks therefore reopened the discussions on a smoother path than many had expected.

"I think the GM agreement will certainly resemble the Ford agreement," Douglas A. Fraser, the

Sarah Chis, an attorney for the Natural Resources Defense Council, an environmental organization, said that the revised program contains "no significant changes from the July announcement."

"The program still far exceeds anything any administration has

offered for the Outer Continental Shelf," she said. "Mr. Watt is still talking about offering a billion acres, virtually the entire shelf, for lease. From our standpoint that is simply not the kind of balanced leasing the Congress intended. We are very alarmed and concerned at what we see."

GM also promised to negotiate limitations on the closing of plants whose products could be subcontracted to non-GM plants at a savings to the corporation. Ford, which buys much more of its car components from outside suppliers than GM, granted the union an absolute end to such plant closings in its agreement.

The GM proposal also agrees to discuss enlarging the union's voice in plant management and to start a training and job development program for its workers.

The union's current three-year contract does not expire until Sept. 14, but the union agreed to reopen the contract last winter when the automakers protested that labor costs and work rules had made the U.S. industry less competitive with foreign competition and had, in part, led to the U.S. industry's three-year slump.

Underpinning the industry's plight, automakers reported Monday that sales during March 1-10 fell 31.5 percent from the 1981 period, the largest drop this year. Chrysler's sales were down 33.3 percent, GM's 32.9 percent, Ford's 24.9 percent, Volkswagen of America's 40.9 percent and American Motors' 42 percent.

In return for these concessions, GM offered a profit-sharing plan, improved company unemployment benefits for laid-off workers with more than 10 years on the job, and a guaranteed income program for workers laid off after more than 15 years employment.

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Comex Approves Rise In Gold-Futures Margin

United Press International

NEW YORK — The Commodity Exchange said Tuesday it has approved an increase in the margin requirements for gold futures effective with trading Wednesday.

The exchange said that the original margin requirement for a 100-ounce contract of gold futures will be raised to \$1,500 from \$1,250. Matt Zachowski, a Comex spokesman, said, "the margin increase reflects rising volatility in the gold futures market."

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